

### AN OBJECT LESSON ON THE VALUE OF INSURANCE.

Steps have been taken to provide insurance against hurricanes to protect planters and others interested in the West Indies against a calamity that has been one of the most serious obstacles to the permanent agricultural prosperity of the West Indian Colonies.

Agricultural industries carried on in the West Indies have often yielded enormous profits. But these profits, though only occasionally enormous, have been at all times highly precarious. Hence they have tended to induce an adventurous, not to say an improvident, habit in those who prosecute them. Great profits as soon as realized have often been spent recklessly instead of being prudently stored up against a rainy day. Planters in the full flush of profits, realized rather through nature's intermittent bounty than by any special effort or foresight of their own, have been tempted to add field to field, too often purchased with money borrowed at rates of interest little if any lower than the average profits of the cultivation. Then, at rare intervals it is true, yet inevitable in the long run, came nature's revenge for her neglected warnings in the shape of a hurricane sweeping over the land and spreading ruin in its track. The stricken planter was rendered helpless in a moment. His crops were gone for the season, and too often he had to borrow money as best he could and to mortgage his land at crushing rates to save himself from hopeless insolvency and even to keep a weather-tight roof over his head. This is the melancholy history of many a once prosperous West Indian planter. Nature made of his industry a gamble, and his own disposition, nurtured in the traditions of the palmy days of the sugar trade, enervated it may be by the seductions of a tropical climate, rendered at once careless and sanguine by nature's lavish but capricious bounty, made him a gambler too. At times he won heavily. But the West Indies are there to this day to show how much more often and how much more heavily he lost in the long run.

Capital from without has long been shy of investment in West Indian enterprises, and, in particular, capitalists interested in insurance have hesitated to look upon West Indian agriculture as a field for the prosecution of their very sensitive business. Insurance is a very cautious and even timid form of the employment of capital. It is an essential condition of its successful prosecution that it should deal only with risks which are scientifically ascertainable, within narrow limits of approximation, beforehand, and are, therefore, actuarially calculable within the same limits for the future. If on the basis of these *data* it is found that the only terms on which the insurance can be effected are such as to offer no adequate advantage to the insured and no sufficient profit to the insurer, it is clear that the transaction will not be effected.

Arrangements have now been made for the insurance of West Indian property of all kinds against the effects of hurricanes and, where required, against seismic disturbances and volcanic eruptions. The rates quoted are 30s. p.c. on buildings, cultivations, and crops of all kinds—except bananas—and 10s. extra p.c. for risks against volcanoes, which are only incurred in one or two of the islands, perhaps in none to any serious extent except St. Vincent.

The comments of the "London Times" on this interesting development of insurance are exceedingly significant, they read:

"The effect of the system, if adopted and supported by the planters, should be to enable them to offer as good a security as that of real estate in any other part of the world. It will, or should, materially reduce the current rate of interest on mortgages, and greatly quicken the now very stagnant flow of capital to the West Indies. In fact it should give every planter in the West Indies who knows his business that stable foundation for the steady and prudent prosecution of his enterprises which has hitherto been so deplorably lacking."

The benefits conferred by insurance in raising the value real estate as a security; in reducing the current rate of interest on mortgages; in quickening the inflow of capital; in putting business enterprises on a stable foundation, in protecting merchants, manufacturers, ship owners, and all interested in properties that are liable to destruction or injury by fire from financial disaster, though these benefits are familiar and incalculably great, though they are the very foundation of credit on a stupendous scale, yet insurance is not fully appreciated, because in considering the insurance question, it is far too common for the attention to be drawn away from the magnitude of its benefits and centred upon the insignificant profits derived from conducting the business.

The past situation in the West Indies and what is now proposed to revolutionize the economic conditions therein affords a splendid object lesson on the value of insurance.

### CANADA'S SMALLER CUSTOMERS.

He is not likely to be a prosperous storekeeper who underestimates the value of the smaller purchases made in his establishment. Traders generally are well aware of the truth of the Scotch proverb "Many a mickle makes a muckle." Indeed, there are flourishing merchants who have made a great success by catering to the smaller class of buyers, as some insurance companies have done by issuing policies for small sums.

In discussing the foreign trade of Canada, it has been the usual case to consider almost exclusively the exports and imports to and from Great Britain, the United States, France and Germany.