

THE CONTROL OF FIRE INSURANCE RATES.

(By David Rumsey, *Continental Insurance Company.*)

(Continued from p. 1625.)

HONESTY AND EFFICIENCY.

To what agency, then, shall the work of apportioning fire hazard as between insurers be confided? The problem is one of first securing honesty of administration and second, the highest measure of efficiency. The task requires broad experience, a technical insurance training and a tenure of office sufficient to permit the application of a uniform policy and the opportunity to develop and perfect a uniform plan. It is not only a man's job, it is the task of an expert. But perhaps above all other considerations it should be recognized that as the accuracy of apportionment between properties can probably never be demonstrated so that the conclusions stand by themselves regardless of the agency which produces them, it is of vital importance that insurance rating be conducted by a tribunal which has the confidence of both the public and the companies. It may be commented that this statement of qualifications of a rating board, viewed in the light of past experience, is an attractive but impossible idea. However, I again suggest that we should first know what we ought to have and then discuss our restricted ability to secure it. Public officers who are capable of viewing this subject independently of their political ambitions and their personal ideas of what certain of their constituents who are ill-informed as to the nature of fire insurance problems may desire, will concede that the tribunal to make rates must be created out of the fire insurance business and that the men who are capable of making schedules and rates for insurance can only be recruited from the ranks of underwriters. It is also apparent that such work cannot be done efficiently if it be tainted by favoritism or warped by the desire to extend favors to the public with a view to securing political preferment. If these propositions are acceded to as being sound and just, rating by State boards in any such form as has been tried in the past becomes eliminated from further consideration. On the other hand, I consider it only fair to say that rating organizations maintained in the past wholly by the companies without State control have sometimes failed to maintain the principles of equity and have permitted a desire to secure premiums to outweigh considerations of entire fairness in apportioning the premiums among classes of insurers. There would seem to be, however, a middle course between the two extremes of State rate making on the one hand, with all the consequent defects of short tenure of office, the injection of politics into a business matter and the performance of a technical duty by amateurs unskilled in the business which they are conducting; and on the other hand, complete company control of rate making without the steadying influence for its control of laws and State supervision to hold the rate making body up to a full sense of responsibility for its action to the representatives of the people. The necessary joint control and balancing of influence can, I think, be secured by leaving with the companies selection of the person or persons who shall make rates but giving to the Superintendent of Insurance

the power of examining into the office and methods of the rate making body so that its defects can be subjected to the correcting influence of publicity which serves as a powerful and controlling influence for removal of inconsistencies and unequal treatment of insurers. Also, there may be given to the Superintendent of Insurance the power to compel removal of discrimination in rates as between properties of the same fire class hazard, together with jurisdiction to review complaints that the schedule used by the rate making body has not accurately been applied to a particular risk. It has been suggested that the State should have the power to review and reject a schedule proposed for use by a rating board but such a provision would seem to be unnecessary for the proper safeguarding of the public interest in fire insurance rates as it is subject to the serious criticism that, indirectly, but none the less effectively, the obligation to approve or reject a schedule involves a practical making of the schedule and creates for the public official an easy opportunity to use his supervising power effectively to create discriminations in rates rather than to remove them to the extent that such a course might be politically advisable or even justified by an erroneous judgment resulting from lack of experience.

ALBERTA'S CROP YIELD.

Statistics compiled from official reports to the provincial department of agriculture show that the total estimated crop yield in Alberta for 1913 is 81,535,000 bushels, an increase of 17,069,942 bushels over 1912. There was an increase of 189,862 head of live stock over last year. The cultivated area was increased by 417,558 acres, making a total of 2,809,310 acres. The farm value of the crop is placed at \$120,000,000.

The increase in the volume of oats and barley show that more attention is being devoted to mixed farming. The acreage in spring wheat also is large. Decreases are shown in acreage devoted to winter wheat and flax. The average acre yield of all cereal crops follows: Spring wheat, 19 bushels; winter wheat, 18 bushels; oats, 39 bushels; barley, 38 bushels; flax, 11 bushels; rye, 22 bushels, speltz, 15 bushels.

There were also substantial increases in the output of butter and cheese, cream and milk, wool, fish, fur and game, poultry and eggs and garden products, the total value being placed at \$8,000,000, as against \$6,750,000 in 1912.

The subjoined figures show the estimated heads of livestock in the province at present: Horses, 580,120; swine, 607,202; sheep, 417,657; dairy cows, 175,367; other cows, 150,032; beef cattle, 178,032; other cattle, 497,370.

The report shows that 1,000,000 acres of land were sown in spring wheat in 1913, the yield being 19,000,570 bushels, other grains being as follows: Winter wheat, 77,299 acres, 1,395,382 bushels; oats, 1,267,130 acres, 49,418,070 bushels; barley, 376,608 acres, 10,547,544 bushels; flax, 65,021 acres, 715,231 bushels; rye, 15,880 acres, 349,558 bushels; speltz, 7,243 acres, 108,645 bushels.

The yield in 1912 was: Spring wheat, 959,874 acres, 17,434,774 bushels; winter wheat, 120,811 acres, 2,305,875 bushels; oats, 971,969 acres, 37,085,234 bushels; barley, 255,055 acres, 6,287,112 bushels; flax, 112,776 acres, 1,196,413 bushels; rye, 2,493 acres, 54,119 bushels; speltz, 774 acres, 11,528 bushels.