

THE CANADIAN FIRE UNDERWRITERS' ASSOCIATION.

In the "Monetary Times" of the 21st inst., there is a "communicated" article with the above title which is worthy of something more than passing notice. The title is very much of a misnomer, for the article only refers to the Association in a most incidental and casual manner. The title would have been more appropriate had it been something after the following order, "What fools all fire insurance managers be!", or, better still, "What I know about fire insurance that no other fellow knows!"

There are two classes of business that everybody knows any fool can run much more advantageously to the people and with greater benefit to the proprietors than those who have by years of patient study and careful training come to be regarded as capable and intelligent managers; these two classes are the hotel and the fire insurance business. The writer of the article in question is unduly modest and retiring, in that he only claims ability in the latter branch, and once again we must bow to the verdict of the "vox populi" and ask our fire insurance managers to be kind enough to go out and dig potatoes, and allow others with no experience but more common sense and ability to reign in their stead. Then what a glorious time there will be for the long suffering insured, "the system of squeeze" will no longer exist, everybody will have insurance at his own price, losses will be adjusted on a scientific basis, and the millenium will have dawned. Hail! happy day.

It is quite evident that the writer of the article in the "Monetary Times" cannot be a trained and experienced fire insurance man, for many of his statements are absolutely absurd, whilst the glib expressions of principles and first principles demonstrate his ignorance of what first principles really are. The communicated article seems to have emanated from one of the "Know it alls" who is actuated by a grievance, and whose criticism is therefore tinged by acerbity. If this is not so, it is difficult to understand the allusions running through the article "to ways that are dark and tricks that are mean," and which are expressed in language far from gentlemanly or respectful. Indeed, when one reads of a "fire caused by connivance of the fire insurance companies," of a "system to condone errors, laches and misdeeds," of "exhibition of misconduct on the part of the managers," etc., one is tempted to pity one whose life has been tinged by a disappointment which alone can account for the use of the language just quoted.

What is the fire insurance business? It is merely the conduct of a receiving and distributing office under the guarantee of ample capital for the fulfillment of all obligations, and for the provision of which capital the proprietors naturally look for fair compensa-

tion. Thus, assessments are made, or rates charged which, in the ordinary course of events, secure the provisions just outlined. The writer of the article in speaking of fire insurance managers says: "They are men who profess to tax justly every risk they assume in accordance with the hazard of each particular risk," and, in a preceding part of the article (the third paragraph) says: "If anything on earth is reasonably capable of being systematized and made permanent, it is the rates of the fire insurance premiums on risks, etc., etc." This then is his conception of fire insurance!!

What an absurdity to suppose that fire insurance men pretend to rate each particular risk! They may profess to rate each class of risk, or risks in each class of town, but the first principle of fire insurance is "average," and by this alone is it possible to approach the definition of a rate on any class of risk or town. Is it thought for one moment that the man has yet been born who shall be able to say a risk will or will not burn, that a town will be consumed at a given period, or that any one given district will sooner or later fall a prey to the flames? If the writer of the article in question possesses such foresight he is worth his weight in gold to any fire insurance company, and any man possessing the qualities in even a modified degree may be sure of good and permanent employment.

Experience teaches, and on the experience of the past, rates for the future are determined; and to talk of fixing permanent rates is as absurd as to think of fixing a rate for a particular risk.

From the year in which the two St. John fires occurred until 1893, there was practically an absence of serious conflagrations, consequently the average experience of the period determined the rates to be charged for the ensuing period, and, subject to a continuance of the immunity from conflagrations, the rates then current would have been fairly adequate to meet the conditions previously outlined. But what are the facts? Since 1895, conflagrations have occurred in Windsor, N. S.; St. John, N. B.; Quebec, Ottawa, Toronto, New Westminster, B. C., to say nothing of St. John's, Newfoundland, and the numerous smaller conflagrations that have occurred in nearly every province at some time or other during the period. Under this materially changed order of things is it conceivable that conditions which were reasonable and adequate in the first period, are still reasonable and adequate in the second. Moreover, in the absence of the man to indicate where the next conflagration will take place, and of the means for preventing a further conflagration, it is not without possibility that five years hence, circumstances may have again changed for better or worse, and, in either event, the fire insurance companies will necessarily have to adjust themselves to conditions then existing. To talk about "permanent rates" is manifestly absurd, and when the writer of the article in ques-