

## FIRE INSURANCE.

## ITS MANAGEMENT IN COUNTRY TOWNS.

There are one or two other duties which should be required of a country agent, and which in small towns must necessarily be more difficult to perform than they would be in large places throughout the country. One of these more particularly refers to places in which there is no fire protection, and from which the customary masses of wooden buildings have not yet been weeded out, and it is the agent's duty to keep his risks so separated and distributed that, in the event of a large fire, his company will not be subjected to excessive loss. It may, and frequently does, happen that a company, ignorant of the precise character and situation of a risk (for diagram and applications, however carefully prepared, do not explain everything), may be led by the recommendations of its agents to carry a greater risk in one locality than it would be disposed to if such recommendations were not urged. It is the duty of an agent to exercise extreme care in making appeals of this kind. He should at all times look at the matter from the various standpoints of insurance hazard, carefully calculating the result of a sweeping fire associated with a strong wind at that point, and in no case leaving his company so situated that they would, in such an event, be subjected to a greater loss than the amount of insurance which they, by their rules and the dictates of ordinary vigilance, would care to carry in any particular block or locality. Another duty, which is rather a more difficult one for the country agent than for the city representative of a company, is the procurement of adequate rates for risks in hazardous localities. In cities, a local board of underwriters generally fixes the rate on all classes of risks, and the agent has simply to determine whether or not the risk shall be taken at all. In country towns, the agent has, to a very considerable extent, to fix the rate for himself. There are points about the risk which the company at a distance cannot fully estimate when considering the application, and these have to be taken account of by the country agent when receiving the proposal and making the survey, and all proper additions by him made for hazards of every description in fixing the rate. A good agent will certainly never join with his customers in endeavoring to obtain insurance at the lowest possible figure; he will feel it his duty to obtain a rate which his company will, after a proper investigation of surrounding circumstances, probably consider adequate to the nature of the risk proposed to be carried.

There are yet a few other points of considerable importance which may here be fittingly mentioned. Some agents are in the habit of accepting the valuation of the applicant as correct, although knowing it to be excessive, in order to obtain a certain required high amount of insurance. This cannot be too highly condemned, being, as it is, not only a gross breach of trust, but also undoubtedly the cause of a large number of the fires which annually occur throughout the length and breadth of the land. While it is clearly required by all companies that the applicant should either himself fill out and be responsible for the statements made in his application or should hold himself liable on account of the statements made by any one employed by him to do so (including the otherwise duly authorized agent of the Company), still the agent should not allow such misrepresentation, if known to him, to go unchallenged. He should demand a truthful application, and if the same is refused he should decline the risk; otherwise he cannot by any possibility be considered a faithful agent of his Company. Again, he should see that such of his customers' policies as come under his notice are properly endorsed with regard to subsequent changes, encumbrances or further insurances. By attention to such matters, important if properly considered, he may save the policy-holders considerable loss and annoyance, and will undoubtedly gain the confidence and patronage of the general public and their good opinion of the company which he represents. Again, care should be taken that the various items of insurance are properly distributed. The evils of "blanket" policies are every day becoming more and more apparent, and agents will certainly find that, if proper separate amounts are carried on each item of insurance, the companies will be suitably paid for the risk assumed, and the parties insured will be equitably remunerated for the loss sustained. Again, an agent should be careful not to make any misrepresentations whatever in canvassing for his company. We are aware that "crooked competition," as it is called, is practiced with an alarming frequency; but, at the same time, agents will do well to remember that misrepresentation of any kind (such as the statement that concise forms of application and precautions for safety of property are unnecessary, that policy conditions are merely formal, &c., &c.) made for the purpose of causing insurance to seem an easy and unburdensome matter, cannot but eventually militate against the successful prosecution of their business, or

the protection of their customers' interests when a fire eventually takes place. On the subject of "crooked competition" in the matter of rates, one of our Canadian companies has adopted the motto that "undercutting is not underwriting,—an active, manly competition is healthy, but underbidding in rates is a stab at the vitals of the business." We cannot too strongly recommend this advice to the consideration of agents in our smaller towns. By acting up to it they will find in the long run that their customers, though hard to appease at first, are not as dissatisfied as they might have expected, and that their companies have no cause to complain of the risks furnished through their agency. In concluding this portion of our consideration of the subject, we feel it proper to urge upon country agents the advisability of keeping a proper office and adequate records of their business. A large number of rural representatives do not seem to consider it at all imperative, or even desirable, that any record of their work should be kept on hand; and when a fire occurs, they can furnish no satisfactory or conclusive proof of the original contract entered into between insurer and insured. There is certainly every reason why a country office should be just as regularly instituted as the city office through which it works. Agents who keep copies of all their applications, diagrams and letters, and registers of all the policies issued through them, soon find that the habit is extremely beneficial. Every agent in the country should do this just as closely, correctly and systematically as his city principal does.

We now propose to consider one or two points in which the head offices of insurance companies would do well to make changes for the benefit of both country and city offices. One of these is in the matter of rating. Every day the disadvantages of the system of tariff rating, which has obtained to such an universal extent throughout Canada, are becoming more and more apparent. The managers of companies who spend all their time in head offices, and see little or nothing of the more practical working of insurance are perhaps not fully alive to the unfairness of the system; but agents whose duty it is to canvass for business, and to discuss insurance affairs with customers of a reasoning turn of mind, soon discover that a necessity exists for very considerable change. As soon as companies decide to adopt a system of practical "schedule" rating, we opine that the difficulty will be very materially overcome. It certainly seems the only just mode of rating,