

IMPORTANCE OF ADEQUATE FIRE INSURANCE RATES.

The prevalent idea that the interests of buyers and sellers of insurance indemnity are in antagonism, though widely acted upon in the business community, is entirely fallacious. On the contrary, there is a strong community of interest necessarily existing between insurers and their policyholders that does not exist between any other class of dealers, for the welfare and prosperity of the one reacts upon the welfare and prosperity of the other.

Fire insurance is a prime necessity to business-men and property holders generally; without it there would be no safety for them; they might retire at night millionaires and awaken in the morning beggars. But under the security of sound, legitimate insurance, they may retire with a consciousness that should their property burn before the morning they cannot be made beggars thereby, for their underwriters stand between them and such a contingency. Then to whose interest is it to sustain insurance companies more than to merchants, capitalists and others who cannot do without them? How short-sighted and unbusiness-like, if not simply suicidal, is it on the part of the insured to imperil the safety and solvency of his underwriter and his own indemnity by insisting upon paying inadequate and unremunerative rates for his insurances, thus reducing the ability of the company to meet its obligations when they accrue. No intelligent man would for a moment expect that a company can for any length of time continue to pay losses when its premium receipts become inadequate for that purpose; for when a company begins to systematically trench upon its capital to meet accruing losses and expenses, its days in the land are numbered, and sooner or later it finds its way into the hands of the Courts as insolvent, with but a wreck of its capital to be divided among its unfortunate stockholders.

SAPPING THE FOUNDATION OF INDEMNITY.

It is one of the anomalies of business that skilled business men even, do not always recognize these simple facts, or, if cognizant of them, will wilfully ignore them. So much depends upon them, and with them business men are financially so intimately connected that their own solvency may, at times, hang upon the solvency of their underwriters. Yet, with such a contingency hanging over them many insured will endeavor to reduce premium rates below adequate figures, thus aiding in sapping, slowly perhaps, but none the less surely, the very foundation of the indemnity on which they rely in the event of loss to them by fire, which may occur at any moment. They save their consciences, if they have any, with the excuse that they pay "market price" for their insurance, be the same

more or less; if too low the companies should charge more; but as they can purchase at the rate, they will not pay more.

Underwriting of any name is just as much an act of merchandizing as the exchange of more tangible commodities of any kind. The underwriter sells his contingent indemnity at a price which is supposed to represent its value—all value being represented by price. If the underwriter disposes of indemnity at less than experience has demonstrated to be its cost value, wherein does he differ from dealers in other commodities who sell below cost value? There is no difference between them in a mere mercantile view of these transactions; both are doing a losing business, and must eventually come to grief unless they change their course.

CHEAP INSURANCE UNPROFITABLE.

While insurance is in principle like any other commercial transactions, in practice it differs materially. Owners of goods may sell at any price, without reference to values or to cost. The goods may have been obtained in some irregular or even dishonest way, but this does not concern the purchaser who may recognize his opportunity and make the best bargain he can in the transaction, there being no subsequent responsibility of the buyer to the seller after he has taken the goods and paid the price therefor. In insurance, on the other hand, the purchaser, the insured, gets no tangible property, but gets a "contingent note" of the company which may any moment thereafter ripen into a "bill receivable," without an endorser, hence valuable, as the maker may or may not be responsible at the maturity of the note. This, too, at a time when the holder's position may make it a matter of life or death, as it were, to his business standing in the community. Upon that single insurance may hang the solution of the momentous question whether he is solvent or bankrupt or not. Shrewd business men seldom get caught in this trap. Insurance purchased at less than its value is profitable neither to vendor nor vendee; and to none is it more important that insurance companies should obtain adequate paying rates of premium for the risks they assume than to insured themselves who look to their underwriters to indemnify them should the contingencies insured against occur at any time during the currency of their policies.

COMPANIES TO FURNISH DATA FOR NEW TABLE.

The annual meeting of the Actuarial Society of America will be held in New York City, May 18, probably at the Hotel Astor, although this point and other matters connected with the meeting will be decided in a few days. Already fifty companies which write 96 per cent. of the life insurance business in the United States have agreed to contribute data for the new mortality table which is to be compiled by the Actuarial Society of America. Eight Canadian companies which write 82 per cent. of the life business in Canada have also agreed to co-operate.

The necessary blanks will be sent to the companies within a few days, and work on the new table will be begun as soon as the blanks have been filled out and returned.