

are issued as proposed the annual interest on them will amount to \$3,375,000. A curious arrangement has been made by which the British lines will have boards of British directors. The company will be under control of a Board of which the majority will be American. The bonds will be issued in the States, and will be under control of the Board. How this dual control will work is doubtful; the weight of capital will tell, and, if the greater part is owned by Americans, the control will be American. The British Government has offered a subsidy of \$750,000 per annum to the Cunard line, as well as aid in building two or more vessels, on condition that the Cunard shares shall not be transferred to foreigners and that the Cunard vessels are to be under British control, to be indeed a British line. If the central Board of the new shipping company, which will be controlled by Americans, decides to bring the Cunard wholly under American control and neutralize the British element in the combination, an effort which is highly probable, there will be no insuperable difficulty in this monopoly of management becoming centered in the hands of Americans.

TARIFF ASSOCIATIONS AND THE PUBLIC WEAL.

A PAPER READ BEFORE THE INSURANCE INSTITUTE OF MONTREAL, ON THE 15TH DEC., 1902, BY MR. T. L. MORRISSEY, RESIDENT MANAGER OF THE UNION ASSURANCE SOCIETY.

I take as postulates for my discourse fire insurance, and the necessity for fire insurance. That fire insurance, certainly requires no argument; that necessity for fire insurance exists is borne ample testimony to by the very general demand; we need make no apology for our existence.

In choosing my subject, I have departed somewhat from the beaten path, and instead of attempting anything of a technical nature, I have seized the opportunity of gratifying a long-felt desire to say a few things to our dear friends, the public, to whom we owe so much, though, I make bold to say, who are indebted to us in no less degree.

An experience extending now over a period somewhat longer than I care to admit, has taught me that every man not in fire insurance knows ten times more about it than do we who have made it our life's study. The man on the street can point out our shortcomings; he can tell us the mistakes we make, and the errors we fall into, with an exactitude that would be painful, were it not so beneficial. Generally speaking, the sum of his dicta is that if we did not write those risks that burn, our troubles would be fewer, and we could afford to give insurance cheaper. This seems so self-evident that we pause and wonder it did not occur to us before!

A little reflection, however, makes it abundantly clear that to provide a means of meeting these losses when they occur is primarily the reason for our being. Were it not that the risk of property being destroyed by fire had been found to be a very real entity, there would never have been a fire insurance company; never a Tariff Association, and we, who, for a modest stipend, are now engaged in the work of distributing this loss equitably amongst all who have property liable to burn, would have been free to devote our energies in other directions, where possibly the reward would have been greater, or at least where we would have

escaped the overburden we now so frequently find heaped upon us.

I have stated the primary object of our existence is to provide a means for meeting loss by fire; there is another reason for the formation of insurance companies—a reason that is behind every business enterprise; that is perfectly legitimate, and one which we should neither be ashamed nor be afraid to state openly.—It is for the securing of legitimate business profits. This incentive exists in every other business; why should it be denied in ours, where the capital invested is subject to so much risk? I see no reason, yet it is only alluded to, if at all, with bated breath. We are in business for profit.

If it be admitted we perform a useful function in the body politic, it is an easy step to the consideration of the question, Tariff Associations and the public weal.

At the outset I am prepared to admit that our work, being in the nature of a public service, should be subjected to the closest scrutiny, and it is. All our transactions with the public must stand the light of day, for the light is thrown upon them through governmental inspection and supervision as in no other business. I sometimes wonder if other businesses would stand this inquisitorial supervision as does ours. Let any man who imagines the companies are making too much money out of him consult the government returns; the Blue Book tells the whole story.

Yet, in spite of all this, there undeniably exists a popular prejudice against the insurance companies. This prejudice seems to find its most pronounced expression against the associated companies. I am inclined to think the reason for this is because of the companies having conferred the rate-making power upon the Associations. The prejudice, perhaps is not so much against the companies per se as against the Tariff Associations, and the task I have set myself is to discover whether this prejudice is well founded.

It is true the companies make the rates through their various associations, and I contend that this method being the most economical is the best and most in the interest of the public. Perhaps, to reach a clearer understanding it would be well to consider what the position would be without Tariff Associations. This presumably is the desideratum sought, but would insurance be any cheaper? I think not, and the reason I have for thinking so is because no one can continue for long to sell anything at less than cost—not even an insurance company. If under such a state of affairs any company, through ignorance, did so, it would soon find its mistake and mend the error of its way, or meet its inevitable doom. It is something, however, that companies would be most unlikely to do, for after all insurance companies are very human in their methods, and they have the same aversion to losing money that may be discerned amongst people generally. We may, therefore, assume that if rates were not made as they are now made, they would be made somehow to produce approximately the same result, and, as I believe, in a less economical manner, since each company would have to secure for itself the data upon which to predicate its rates, instead of doing it collectively as under the present system. It seems to me, if for no other reason than that the data must, of necessity, be less perfect the rates would be higher rather than lower, as giving the companies credit for ordinary intelligence they would do what any business man would do under like circumstances—make sure they got enough.

Before proceeding to discuss what Tariff Associations really are, and what useful purpose they serve, I may be permitted to devote a little time to what the public believe them to be. Briefly, in the eyes of the public, a Tariff Association and an Insurance Combine are one and the same. Dr. Johnson, I find, did not know what a combine meant. The word was not in his vocabulary. Later authorities, however, give this definition: "a combination of per-