WHAT FIRE INSURANCE IS FOR.

It would be a capital thing for a good many people, including the chairman of the fire committee of the city council of Montreal, to take a few primary lessons on the subject of fire insurance. They would speedily come to a knowledge of the important fact that the mission of fire underwriters is to sell indemnity, in case of fire loss, on property *as they find it*. It is no part of the business of fire insurance, strictly speaking, to concern itself about improved fire extinguishing appliances, fire-proof buildings, nor hazardous contents. Its business is to fix a price at which the risk can be assumed. The combustible or non combustible character of the property, its exposure from outside causes, and the probability or otherwise of efficient fire department protection, are questions for the owner to settle. If the majority of the property-holders in a town or city consult their own best interests, they will of course reduce the fire hazard to a minimum by erecting good buildings, prudential arrangements generally, and by making provision for ready extinguishment of fires when they do occur. In such a town or city the fire insurance companies sell indemnity at a comparatively low rate simply because the risk is comparatively little. All properly conducted fire underwriting takes the experiences of the past in a wide field and for a long period of time, and classifies the various risks according to their burning propensities, and then fixes the cost, approximately, on the basis of this past experience, always taking into account the existing facilities for fire extinguishment. For precisely the same reason that a railway company charges more for hauling twenty than it does for hauling ten tons of freight a given distance, a fire insurance company charges, or ought to charge, more for a heavy risk than for a light one.

The people who, with an air of wisdom, assume to criticize the fire underwriters *after a fire* because they took the risk burned, and who charge them with a lack of discrimination in accepting risks generally, make a sorry exhibition either of their ignorance or their insincerity. What the property owner wants, and what the companies are formed for, is insurance against loss liability, and the worse the risk the more the insurance is needed. The taking of a bad risk is just as much a legitimate part of the functions of fire underwriting as the taking of a good risk. The question of the company is not, fundamentally, What shall we insure? but, How much is it worth to carry the risk? The difficulty with the fire insurance business to-day is, not that it carries a good many hazardous risks, but that it charges too often for a bad risk the price belonging only to a good one. That is why the companies have been losing money in Montreal, as they have in a good many other places, and why the business, as a whole, in 1892 paid out in this country and the United States about 99 cents of every dollar received for premiums for losses and expenses. The merchant who habitually sells his wares at or below cost will invariably land in the bankruptcy court, and certainly nobody charges him with monopolistic tendencies because he quits that kind of foolishness and insists on a selling price which affords a reasonable margin for profit. The fact is, that under the stress of competition and the bulldozing of legislatures and municipalities, the fire insurance companies have yielded to a popular clamor for lower rates on the one hand, and for contributions to schemes for the "improvement of risks" on the other, until nothing worth mentioning is left for profit. There has been a lack of discrimination we admit, and a serious one, but not at all in the direction charged by the critics. The lack appears in the inadequate price charged for certain classes of risks, not in a faulty knowledge of their character. In Montreal high rate risks have been too long carried at low rate prices, and the sooner the public comprehend that simple but fundamental fact the sooner they will comprehend the justice of the recent action of the companies.

COMPARISONS IN LIFE INSURANCE.

A good deal has been said and written for and against the common practice of the life insurance companies in making statistical comparisons with other companies. The question cannot be decided fairly, however, by citing in evidence extreme cases, but rather by a consideration of the common methods pursued by respectable companies. That comparisons of certain points between companies, in the current literature employed in the solicitation of business, may be properly made, and are legitimate means for prosecuting the work in hand will scarcely be denied by candid people. It is as clearly the privilege of a life insurance company to "put its best foot forward" and make prominent its strongest points as it is for the half hundred other competitive lines of business to do so. The various companies necessarily come into competition in an open market; and when the best points of one company are placed before the public, it is perfectly legitimate for another company to point out, not the weakness of its competitor, but as convincingly as it can wherein may be found its own superiority.

The difficulty with most of this comparison literature lies in the fact that unfair comparisons are made by the selection of things not opposite. Honesty in competition requires that only things similar shall be compared, *i.e.*, things not only similar in themselves, but developed under practically the same circumstances and surroundings. For instance, when a company only a dozen years old, and which has been pushing vigorously for new business, with the result that a majority of its lives are fresh selections, undertakes to compare its death rate with a competitor forty or fifty years old of extra conservative methods, and seeking but little new business comparatively, the results are entirely misleading and the contrasted figures given—perfectly correct in themselves—bear false witness. To the uninstructed public the innocent figures stand for valid demonstration, whereas they are of no meaning whatever, rightly explained and understood. Similar comparisons of dissimilar things, when viewed in the light of their surroundings, are also frequently made regarding expenses, leading to equally false con-