

THE VALUE OF FIRE INSURANCE.

It was pointed out a fortnight ago that loss by fire involves a real destruction of wealth. The fact that in the majority of cases the loss is met by the insurance companies does not mean the replacement to the community of wealth lost by fire, although to a certain extent it does to the individual. In this direct service to the individual, which does not end with service to the individual but is a service of the whole community, the value of fire insurance lies. True, that fire insurance does not create capital nor restore that which fire destroys, but it renders a service, which is as near as possible an equivalent, so far as the individual loser and the preservation of the general business equilibrium is concerned. Its mission is to distribute the loss, overwhelming as to the individual, among the many to whom it is but an incident of current expense. It is an universal equaliser, on the principle of the suspension bridge. Planting its solid abutments of assets upon the shore, it throws out its many-stranded cables so effectually and with such accuracy of constructive skill that the heavy trains of commerce pass and repass safely, without undue strain upon any part of the bridge. Without the interposition of fire insurance, the annual fire loss would be a burden so heavy as to break down thousands of valuable enterprises, drive many individuals into bankruptcy and paralyze business. Fire insurance enables the householder to find a new roof over his head when the old one has crumbled to ashes; it rebuilds cities and towns otherwise hopelessly ruined; it sends the car of transportation once more along the steel rails and drives again the factory wheel, stopped in fire and smoke.

EXTENT OF FIRE INSURANCE SERVICE.

The records show that during the last 47 years, from 1869 to 1916 inclusive, the fire companies operating in Canada have paid out in losses no less a sum than \$272,241,945, an average of over five and three-quarter million dollars every year. It is difficult to imagine what would be the condition of the Dominion had these funds not been disbursed. In many hundreds of cases, they have been the only means by which mercantile and manufacturing enterprises, crippled by fire, have been rebuilt and made again wealth-producing organizations not only for their owners but indirectly for the community as a whole. Under modern conditions disaster in one line of business disturbs all others and losses by fire unreplaced by means of insurance are to the prejudice of the whole community. It is only by taking into account consequential loss, in a very wide sense of that term, that a true idea can be gained of the character of the service rendered to the community by fire insurance. Conflagrations like those at Toronto, Hull and St. John, N.B., bring these facts into relief. The rebuilding of the devastated areas in these cities and their subsequent capacity as wealth-producing factors was directly due to fire insurance. Had fire insurance funds not been available to meet these and other losses, recovery from them must necessarily have been an exceedingly slow process and the whole of Canada would have been prejudicially affected in proportion. In the fact that insurance sets the wealth-producing wheels of industry, stopped by fire, going again, lies its value.

FIRE COMPANIES AND THEIR POLICYHOLDERS.

A correspondent of the New York "Insurance Press" asks for some explanation of the "unaccountably impersonal and detached relations which exist between fire insurance companies and their policyholders." He complains that, whereas life and accident insurance companies take an intelligent interest in him, not only sending him reminders of premiums due, but literature and circulars of varied character, "during all the years in which I have carried fire insurance on my house and personal effects, I have never received a direct communication from any company." He adds:—"It appears to me that it would be good business policy for fire insurance companies to promote a closer and more personal contact between the management and the policyholder. My household probably has a tendency to be as careless as any other. A "word fitly spoken" by a fire insurance company, containing warnings, suggestions as to the avoidance of fires, and pertinent facts relating to the enormous fire loss of the nation, would undoubtedly have a salutary effect upon my household. The cost of printing and postage would be more than compensated by the reduction of loss."

The fact that fire companies do not cultivate relations with their policyholders so sedulously as do the life and accident companies is susceptible of easy explanation, apart from the fact that a large proportion of fire insurance business is transacted through brokers, and the policyholder never has any direct relations with the company or its representatives. For some obscure psychological reason, the majority of mankind recognise the necessity of fire insurance, but they do not equally recognise the necessity for life and accident insurance. The fire companies do not have to bring into play all the arts of salesmanship in order to persuade "prospects" to take the "commodity" which they have for sale. The man who takes the initiative in obtaining for himself life or accident insurance is a rare bird; there are very few who, getting into their possession real property or goods of value, do not promptly take steps to have them covered against the fire risk. This simple fact, and unexplainable mystery, accounts for the interest of life and accident companies in their policyholders, who not only have to be educated into becoming policyholders, but carefully watched to prevent lapsing. The companies' interest is not platonic; it is extremely practical. Through some curious kink in human nature, the fire companies are saved the trouble of this process of education. Their field organisations are organised, not so much with the idea of persuading an unwilling purchaser, as with the idea of directing towards the company the desirable business that is offering in a particular locality.

As regards the suggestion that the fire companies should cultivate closer relations with individual policyholders in the interests of fire prevention, much of this kind of work is already being done by the inspection staffs, both of the companies and of their organisations, as well as by the fire prevention efforts of various associations, and fire prevention publicity, in which many fire underwriters are actively interested. Whether in the case of dwelling and personal effect risks any effort along the lines suggested would be worth the effort and expenditure involved is perhaps doubtful.