

to the better classes of extra hazardous risks in cities, declining *all* specially hazardous, as undesirable; while others again, usually the more venturesome of the larger agency companies, write freely upon all classes of mercantile and manufacturing risks, and find it profitable to do so.

Opinions also differ among fire underwriters as to the profitable results arising from writing upon those classes of hazards which command high rates of premium, as compared with those which pay uniform low rates as being less hazardous. Among some of the Company's officers it is held as an axiom, that good risks always pay low rates, while the poorer classes command high figures in the ratios of their several increasing hazards. As an axiom, this seems faulty, and smacks of over-caution and lack of insurance wisdom. The mere fact that, from their classification, non-hazardous risks are held as good insurance investments, is no argument that *all* manufacturing establishments are undesirable as insurance risks merely because they command a higher premium rate than such non-hazardous property. On the contrary, well-developed experience has demonstrated that a well selected average line of the higher grade of premium hazards, properly adjusted as to the rate, will bear a much heavier percentage of loss and leave better results than an equally desirable line of risks of a lower premium value. Low rate premiums entail a larger average line of insurance, and hence of liability, to realize a given amount of business; while, on the other hand, high-priced premiums always accompany reduced lines of writing, usually graded to the rate of premium, with a corresponding reduction in the extent of liability. The result is that, while special hazard lines are comparatively small and proportionately scattered, in the event of loss, even if total, the Company loses but a minimum amount upon any single risk; while low rate lines are always large in proportion, so that, when a fire occurs, the loss is always heavy, and, relatively to the premium received, larger to the insurer, even when partial as to the amount of the insurance. Thus, with an insurance say of \$10,000, upon merchandise haz and ex haz (the lazy man's way of expressing it) at 45 cents, gives \$45 as the total of the premium. A loss occurs and damage ensues from fire, water, smoke, etc., to the amount of not less than \$2,500, in a fire of any proportions, for which but \$45 was received as the equivalent. On the other hand, estimating *ten* average manufacturing risks of \$2,000 each, at 5 per cent. premium, being \$100 each or \$1,000 in the aggregate: a loss occurs, and one risk is totally destroyed, costing \$2,000, on which the premium was \$100. In the first case there is an absolute loss of \$2,500, with a risk of \$7,500 still remaining to be carried to maturity, with but \$45 as compensation. In the second place the loss is total \$2,000, with no remaining risk and a compensation of \$100; while if the same due care has been observed in the selection of the special risk as was bestowed upon the non-hazardous one, the liability of the former to destruction will be less than the latter, because this class of hazards are ordinarily more or less detached, and well provided with fire extinguishing facilities.

If a company proposes to enter into the special hazard business, it cannot expect to reap success unless it makes a business of it; a single risk or two of any given class, laid away upon the shelf to await the turn of the die, will not suffice for safety. To make any class of specials profitable, as a class, and at any rate that the insured can afford to pay,

there must be a number written large and broad enough to afford a fair breadth of average. We knew of a Company that with *one hundred* tanneries upon its records, lost money; with the number increased to *four* hundred, it made money; that Company's experience solves the problem. Writing specials, however, without experience, is handling edge tools without knowledge; the expert handles them with impunity; the ignorant man only maims himself.

THE NEW BRUNSWICK BOARD OF FIRE UNDERWRITERS.

REPORT OF THE NINETEENTH ANNUAL MEETING HELD IN THE BOARD ROOM AT ST. JOHN, N.B., 9TH JANUARY, 1884.

The following Companies were represented at the meeting, viz: Royal, North British & Mercantile, Scottish Union and National, Queen, Imperial, Ætna, Hartford, Northern, Liverpool and London and Globe, Commercial Union, London and Lancashire, Phoenix of London, Fire Insurance Association, Royal Canadian, Norwich Union, Western, British America, Phenix of Brooklyn, City of London and National of Ireland.

After the routine business was transacted the President read his annual address.

TO THE MEMBERS OF THE NEW BRUNSWICK BOARD OF FIRE UNDERWRITERS.

GENTLEMEN,—Since our last annual meeting the Water Works on the Saint John River at Fredericton have been completed, and that City is now enjoying an abundant water supply. A Committee from this Board visited Fredericton in the month of November last, and upon their report considerable changes were made in the Tariff ratings.

The Water Works at Woodstock are now in course of completion and in a few months that City will also have a good water supply.

Mr. C. E. L. Jarvis visited St. Stephen in the interests of this Board in the month of June last, and there met a Committee from the New England Inspectors' Exchange, the result of their labors has been a complete tariff, including both sides of the St. Croix River, which is being faithfully carried out by the members of the St. Croix Board.

During the past year a Board has been formed at Charlottetown, Prince Edward Island, and a Tariff prepared and published, under the direction of Mr. C. E. L. Jarvis and Mr. C. D. Cory. A new tariff has been prepared and published by Mr. C. E. L. Jarvis for the Halifax Board.

The Boards at Toronto and Montreal are also giving the subject of Insurance rates careful attention, and it may be said that Insurance Companies throughout the Dominion of Canada are now under tariff regulations.

As the Citizens Insurance Company of Montreal is in unison with the Boards at Toronto and Montreal this Board may fairly claim that the Directors of that Company should, in conducting their business in this City and Province, respect our tariff.

The New England Inspectors' Exchange at Boston has done much to improve the insurance business in the New England States by adopting tariff rates made after careful inspection by committees from the Exchange. I trust as a result of the labors of that influential Board a greatly improved business will accrue to the Companies there established. I am happy to be able to state that the managers of several of the leading American Companies in Boston have assured me that in accepting business in New Brunswick they will respect our Tariff.

Mr. J. B. Cherriman, Superintendent of Insurance, has informed me that an amendment to the Insurance Law will be submitted to Parliament at its next session, and that in the preparation of such amendment the suggestions as forwarded to him from this Board should have due consideration.

The Chief Engineer of the Fire Department has made the annual inspection of Mercantile risks in St. John, and his report is on file with the Secretary, Mr. Clinch.