AVERAGE.

The true signification of the word average is: the mean sum, quality or value made out of unequal sums; qualities or values, by adding these together and dividing by the number of them; a mean proportion, medium, as average time or mean time; average price, medium price; an average of several years; the mean of many observations. In marine insurance it has another meaning of very extended application, and always includes the idea of contribution, in addition to that of common ratio or result.

Underwriting is emphatically a business of average, a calculation, a taking the chances upon some kind of measurement of probabilities; the contingency insured against may happen, or it may fail, or partly happen, or partly fail,—that is, there may be a total loss, or a partial loss, or no loss at all under the contract. In life insurance the contingency insured against—death—must happen, the only question being one of probability as to the time when it will occur. But while the individual life is uncertain, yet among a number of lives the death occurences are subject to the law of average.

Rating of risks is experimental, tentative only. Some offices have made money on certain classes of risks, while on others they have lost. It has taken time to discover this, and will take time to remedy by a re-arrangement of its averages.

Insurance is based upon average experience of a large body of risks, taken collectively, rather than on the actual hazard attaching to any single one of them, upon the principle that the more extended the risks the broader is the chance for average.

Hypothesis formulates and systematizes all that is known upon a given matter, to aid in the further knowledge of it. Rightly construed, it is the right foundation of such right investigation as solves the riddles of the unknown, hence every tariff of rates, each premium rate and every life table is an hypothesis. Hypothesis is average.

The underwriter knows that as to any individual subject beyond sight or knowledge and sagacity there may be lurking fire on the one hand, or lurking villainy on the other, or mayhap both; but he puts his trust in the final average according to the traditions of his calling, and takes the chances. Even intuition, by which an underwriter is induced to accept or reject a risk, without exactly knowing why, is largely the result of average combinations in his mind.

An experienced underwriter has said: "No man can safely underwrite a single risk, while he may write a thousand with a profit at a rate based on the average loss on a thousand risks of like character. Neither can he fix an adequate rate of premium to a single risk, while he may, in the light of experience, fix a proper rate to a thousand; the law of average prevails to a wonderful degree in many departments subject to the wildest caprices of chance in its individual members. Nothing but the winds and the waves can be more capricious and uncertain than human life in the individual man; yet life itself, in the aggregate, presents an average as certain as the simplest proposition in mathematics; the average life of a thousand men presents mathematical certainty.

Hence it is only by the application of the theory of average, the adding together of individual risks, or happenings, under the several contingencies covered by the insurance, and divided by the number of each, that anything like reliable data can be approximated in underwriting. Hence come the "average rate" and the "average line" in fire insurance.

Average, in fine, is the underlying principle of commerce and of many other subjects, more or less intimately connected with the common affairs of life.

MULTIPLYING THE "MOVIES."

The growth of the moving picture industry, in response to the enormous development of the popular appetite for that kind of amusement, has created a new fire hazard to which the attention of fire preventionists has been actively directed and particularly to some of its later phrases. The films have hitherto been used mostly in theatres, and it has been comparatively easy for the authorities to regulate their condition so as to secure their safety and make the licensing of the performances dependent upon that consideration. The result has been to materially reduce the hazard in regularly licensed show-places. But recently the popularity of the "movies" has caused the extension of their display to the churches and schools—for their educational value—and even to the homes of the people. As the pictures for these places must be contained in portable machines, their transportation—on account of their inflammability—also creates a hazard and, consequently, the area of danger is still more widely spread. The Fire Commissioner of New York has been constrained to ask the Board of Aldermen to prohibit the carrying of motion picture films in elevated, subway and surface cars unless in metal boxes with tight-fitting covers, and the Interstate Commerce Commission at Washington has prescribed regulations of a protective nature for the transportation of the articles. The more familiar use of the films now, in schools and homes, calls for a new and closer application of protective measures by public officials. It is charged that thousands of machines in schools and homes are operated by children. The only proper recourse under these circumstances is a non-inflammable film. The use of inflammable films must be prohibited. Action with that in view is being taken all over the country, and it should be universal.—Weekly Underwriter.

A daily insurance journal is being run in connection with the insurance features of the San Francisco exhibition.

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Mr. J. B. Laidlaw, manager for Canada, Norwich Union Fire, was a visitor in Montreal this week, following a trip to the Maritime Provinces.