

history repeats itself, for in this same district in Boston last week a \$4,000,000 conflagration took place in spite of fire-proof buildings and fire departments. And it is just such big fires that are liable to occur elsewhere any day.

Legislative Investigation Proposed

A RESOLUTION, preceded by three or four untruthful "whereases," has been introduced in the

legislative assembly of New York, providing for the appointment of a special committee of seven members to investigate the fire insurance companies as to methods of doing business and compensation received, and especially to "examine the nature, powers, duties and business of those certain trusts called 'tariff associations,' 'local boards of underwriters', and otherwise." We have no doubt the companies interested will cordially welcome the investigation, supposing it to be intelligently and honestly made, because it will afford opportunity for showing that a tariff association is not a "trust" at all, nor a "combine" in the popular sense, but an association of companies simply for ascertaining the hazard on many classes of widely different risks and of fixing for each class a reasonable rate—a proceeding quite as much in the interest of the insuring public as in that of the companies. The investigation will also afford the opportunity to correct, through an official report, the absurd impression that the difference between premium receipts and loss payments represents profit. It will be shown that besides paying 62 per cent. or more for losses, 35 per cent. or more goes for expenses, such as commissions to agents, clerk hire, office rents, salaries, and heavy taxation imposed by State and municipal authority on premium income to maintain insurance departments, salvage corps, fire departments, and many other things. Even a dull legislator may be able to see that only two or three per cent. saved from premium income is not exactly a bouanza for fire insurance capital.

A SUGGESTIVE FIRE INSURANCE RECORD IN THE UNITED STATES FOR TWELVE YEARS.

A good deal of anxiety has been felt by everybody interested in fire underwriting, to see whether the record of the past year, when made up and tabulated, would show an improved condition of the business as a whole. Certainly during the past year the companies in the United States have maintained better organized and more stable tariff associations at the principal business centres than have existed before for a long time, and have been in a position to control rates and the commission question apparently at will. The year has not been noted for "kicking over the traces" by uneasy companies, and rate cutting, at least openly, has not been indulged in extensively. The co-insurance clause, supposed to indirectly augment rates, has been pretty generally adopted, and altogether a more favorable outcome for fire underwriting was looked for. The facts, however, so far as the experience of 1892 is concerned, do not very fully justify the expectation indulged. From the Connecticut Insurance Report, just issued, we have been able to ascertain the results

to the business as represented by the experiences for 1892 of the American and the foreign joint-stock companies, covering the four vital points of rate, loss ratio, expense and commission percentage. We give herewith the result compared with the preceding years since and including 1881, as reported to the National Board of Fire Underwriters in the address of President Skilton last year. The figures here given relate to the fire business only, excepting that in computing the expense ratio marine and inland premiums are included in the total premiums for obvious reasons. The result for each year is as follows:—

Year.	Premium Rate.	Commissions and Brokerage.	Loss Ratio.	Expense Ratio.
1881	.804	17.08	55.86	33.25
1882	.802	16.93	58.41	34.49
1883	.834	17.36	57.85	33.58
1884	.882	17.48	61.40	33.88
1885	.901	17.90	57.60	35.82
1886	.904	17.66	54.34	35.28
1887	.872	18.13	60.47	35.40
1888	.862	18.47	58.00	35.73
1889	.876	18.73	61.66	35.65
1890	.842	18.98	53.38	35.75
1891	.809	19.76	61.23	36.60
1892	.806	19.23	63.20	34.97
Average.	.849	18.18	58.63	35.00

It will be seen from the above exhibit that no increase in the premium rate has been realized in 1892 over that of the preceding year, and that as compared with the general average of the twelve years it was nearly five cents lower. As regards the loss ratio to premiums there has been an increase, not only over the preceding year but over each of the twelve years, the 1892 ratio being nearly five per cent. above the general average. Turning, however, to the expense ratio to premiums we find a gratifying improvement, the ratio of 1892 being 1.63 per cent. less than for 1891, and a little less than the twelve year average. This reduction, however, comes only to a small extent from reduced commissions, though it is worthy of note that some reduction there has taken place, even though not much more than one-half of one per cent. It will be seen that, combining losses and expenses (of course dividends are not included), the companies in 1892 paid out \$98.17 of each hundred dollars of premiums received, leaving for profit on underwriting account the mere pittance of \$1.83, against \$2.17 for 1891. Unquestionably there is something the matter with fire underwriting when for two consecutive years such results are experienced. The matter seems plainly to be that the rates are too low and commissions too high, and that until both are adjusted on a better basis, underwriting profit will be conspicuous by its absence. It is to be considered, however, in this connection, that the increased rates professedly secured in 1892 took effect in many places late in the year, which was also the case with commission reduction, while co-insurance was not adopted, save in a very few places, in time to favorably affect 1892 results, assuming all that is claimed for its operation. There is, then, some reason to hope that, if the companies in the United States hold together loyally on present lines of procedure, the results recorded in 1893 may present a more favorable aspect, of which there is abundant need.