

delay was simply owing to one or two managers desiring to have the support of their Head Offices before carrying out this radical reform in Canadian Fire Insurance.

3. **Underground Insurance**.—This subject was also up for discussion, but, although the evil was freely admitted to be increasing, the means for suppressing it were not so apparent, owing to the weakness displayed, so far, by our Insurance Department. A committee we believe has the affair in hand.

4. **Payment of Losses**.—The Meeting was of the opinion that in regard to paying losses with or without discount, before sixty days, the same should be left to the discretion of the various offices, upon the understanding that in a loss where more than one office is interested a day for payment shall be mutually agreed to, which latter, unless we are very much mistaken, has always been upheld in insurance etiquette, and that it requires recording does not speak well for the practice of our offices in Canada hitherto.

5. **The Mortgage Clause**.—The addition to the ordinary clause obliging the insurance by the owner as well as that of the mortgagee to be named was cordially agreed to, so far as it could practically be carried out.

6. **Electric Light**.—This is under consideration, and some method for its supervision will doubtless shortly be promulgated.

As we stated, there were a number of other important subjects requiring to be dealt with, one of which was the use of rubber cement in our boot and shoe factories, the restriction of which to one day's supply is now to be enforced unless kept in a fire-proof vault, when one barrel will be allowed, and we cannot too highly commend this decision, the said compound being, we believe, of the most inflammatory nature.

There were other matters which bore principally upon the internal management of the business, with which the public has little or nothing to do, such as re-insurances between companies, and so forth.

In summing up we may frankly and cheerfully acknowledge, that great credit is due to the Association for the business-like mode in which the discussions on the many topics were conducted; and now that the grand theory of "United we stand while divided we fall" seems about to be put into practice we may hopefully look forward to a new era in Fire Underwriting in Canada.

CLASSIFICATION IN FIRE INSURANCE.

As promised in the June ulto. issue of INSURANCE SOCIETY, under the heading of "*Cost; The unknown quantity in Fire Insurance*," we now propose to say something about the much-neglected subject of the classification of fire hazards and losses as a method of closely approximating, if not clearly ascertaining, the cost of insurance upon the various classes of hazard upon which policies are usually issued; and as a fitting text for such a discussion shall take the following from the pen of DR. J. A. FOWLER, the very able and practical editor of the *American Exchange and Re-*

view, published in Philadelphia, and devoted to the discrimination of correct practice in underwriting. Speaking of classification he says:

"While insurance must be rated as an empiricism, it is not merely experimental. It rests upon Empiric law. Classifying its relative phenomena, whose causes remain undiscovered, so far it is scientific. Its method is the inductive, it raises individuals to generals, and decides that, with like substances, in like circumstances, like results will ensue; subject, however, to deflection from unknown causes.

"Average is not prophecy, as to the individual, but the relation of the individual to the Universal."

Within the entire circle of fire insurance operations there is no single point more important, and one about which less is known with any reasonable certainty, than the actual cost of insurance written upon any class of hazards; and to this day, after a lapse of more than two centuries, during which fire underwriting has been in constant practice, no reliable data has as yet been discovered from which the value of any selected subject as an insurance risk can be certainly determined; and as an entirety the business is still absolutely without chart or compass, simply drifting with the current after the manner of the early masters; and, like their early prototypes, our modern offices are laws unto themselves, acting upon their own individual and several experiences, which are as diverse as the companies themselves; hence the anomaly follows that, while one Office loses money heavily on a certain class of hazards and calls them "bad," another Company, under *seemingly* similar circumstances, writes these same risks freely, and calls them "good," while in reality there may be nothing exceptionally good or bad in the risks *per se*, except perhaps in the methods of writing by the two companies. And to this ignorance of the underlying principles of the business may be attributed the senseless competition and consequent demoralization that have prevailed among our companies for some years past, and will, we fear, continue to prevail for some years to come, unless some decided steps be taken to enlighten fire underwriters as to the cost of the indemnity they now offer broadcast at such prices as they can obtain, regardless alike of cost or consequences. Where there is ignorance *there is* danger; knowing without knowledge is but a provincial expedient; trading, speculating upon chances with the spirit of uninformed venture is not insuring; and, in making rates, if any number of offices unite upon a scale affixed, without reference to the broad and comprehensive elements of which such rates, to be equitable to all concerned, must be made, it is nothing but commercial pricing,—it is not rating; it is but a rate combination, indicative of the suggestive fact that commercial rather than scientific principles govern the practice of the business, and this, evidently, because of the universal lack of correct and defined knowledge of the underlying facts connected with and component parts of the actual cost of fire insurance to the underwriters; and in connection with this ignorance,—and in a measure explanatory of—this curious anomaly—it is further worthy of remembrance that, although offices for the practice of fire insurance have been in existence without interruption since the year 1680, (14 years after the great fire in London) when what was then