

MUNICIPAL HAIL INSURANCE

I have received a number of inquiries in regard to the additional assessment on land which is being made by the municipal hail insurance board, on all municipalities operating under the municipal hail insurance scheme, the inquiries being as to whether the tax is legal. We have submitted this matter to our legal department and the reply is that the tax would appear to be perfectly in order and that there does not seem to be any other course than to pay the tax. The impression that the maximum tax under the Act is \$10 per acre is not correct, as the Municipal Hail Insurance Act was amended at this last session of the legislature, giving the hail insurance board the power to strike any such additional rate on all lands within the districts that were actually under crop during the current year, in the event of the fixed rate set before the season opened, proving insufficient to pay the cost of administration and the losses sustained. This amendment means that there is no maximum tax at the present time, and that provision is made for the collection of this additional assessment in the same way as in other taxes due the municipality.

A Vexed Question

The municipal hail insurance question is a vexed one, particularly in Alberta, as it has not proved a success in this province at any time since its inception. One of our correspondents suggests that as the Central office claims credit for having brought the municipal hail insurance scheme into existence, we might therefore be reasonably expected to straighten up the present unfortunate conditions to the satisfaction of all. I have not been able to discover that the Central office has at any time taken credit to itself for inaugurating this scheme, but as a matter of fact the U.F.A. committee on municipal affairs did exercise some supervision in the fall of 1912, at the time the act governing the organization of municipalities was being drawn up by the provincial legislature. The report of that committee to the convention, however, does not father the scheme, but spec-

fically expresses their disappointment that a more comprehensive plan had not been devised, and gives warning as to the necessity of the farmers of this province keeping close tabs of the way the municipal scheme works out from year to year, and getting an intelligent grasp of the problem which it was designed to solve. It has been very obvious from the first that the farmers of the municipalities involved have at no time gone to the trouble of getting an intelligent understanding of the situation, and their failure to do so is largely responsible for the present situation.

Government by municipality after all means nothing more in general terms than that a greater degree of authority is given to residents in a given municipal area to conduct their own business and govern themselves without unnecessary interference or paternalism from the province. The Municipal Hail Insurance scheme is a form of co-operation, the object of which is to give protection to the farmer against the complete loss of all that he has, and his reduction practically to a state of dependency on charity for the means to keep going until he got another crop. Please note that this is not a defence of the details of municipal government or the way in which the hail insurance scheme has been administered to date, but is merely a definition of what these ideas are intended to accomplish.

U.F.A. Has Done Its Duty

I am frank to admit that, in my opinion, the U.F.A. has not done its duty in spreading information as it might have done, and thereby educating its members as to their responsibilities for the success or failure of the scheme. This is probably due at least in part to the fact that from its inception an attempt was made to bring the whole question of municipal government into party politics, a course which was neither necessary nor advisable but which if not actually participated in, was at least received with silent acquiescence by those who would be affected by it. I know that on the first and only attempt that was made by this office to deal with the matter by special circular, there were several locals who claimed that the Central office was playing politics, and the board of directors at that time hinted fairly definitely that no further circulars on that subject were advisable from this office.

The situation at the present time is simply that the assessments levied from year to year have not been sufficient to pay the losses which have been awarded, and the cost of administration, and you cannot take out of the common treasury more than you put into it. The Act expressly provided in the first place that if the municipalities did not put into the treasury sufficient cash to pay the loss sustained, that the loss should be paid pro rata at so many cents on the dollar instead of being paid in full, but when these conditions arose that funds in the treasury were not sufficient to pay the losses in full, the municipalities promptly proceeded to instruct their representatives to beg, borrow or steal sufficient money to pay all losses in full. Money was borrowed and has to be paid back, and the only result of paying the losses in full when the money was not in the treasury was to pile up an additional liability which had to be met sooner or later, as all just debts have to be met under the law. At present it certainly looks as if the scheme will be voted out of existence at the earliest opportunity, and these accumulated liabilities will have to be met before or at the time the scheme is voted out of existence, hence the present assessment. The question is what are we going to do about the hail insurance question, not only as regards municipalities but in

its general application to the province?

Hail Insurance in Alberta

The hail insurance business of Alberta is in a serious condition so far as the farmers of this province who have to pay for it, and who no less certainly need proper protection, are concerned. We have ignored our own interest in this matter too long already, with the result that if some change is not made in the immediate future, we are extremely likely to find ourselves as a province without any adequate protection at all, and what protection we do get, only at a price altogether out of proportion to its actual worth. It is no good beating around the bush. The municipal scheme is a failure so far, in that it has not paid one hundred cents on the dollar, even at the maximum compensation of \$6.00 per acre. One may ask whether the rate has been too low, or whether the cost of administration has been too high, or whether the awards which have been made for losses sustained have been higher than the circumstances justified, or whether there has been too small a portion of the province operating under this scheme, thus bunching the risks and resulting in a heavy proportion of losses when the storm hits a given district. These things are something which it is for us as intelligent citizens to find out for ourselves. It may be any or all of them. It is probably a little bit of each. The main thing is that results have been such that there is little doubt that at the earliest opportunity the scheme will be voted out of existence, and we will have no protection from the municipal end at all.

Private Hail Insurance Companies

In the field of private insurance much the same condition exists. It is no good beating about the bush in this field either. The fact remains that from certain causes, which investigation would undoubtedly reveal beyond a shadow of doubt, the big companies who form the backbone of the hail insurance business in this province, and who, when it comes down to brass tacks, are the only ones in a position financially to stand the strain of a bad year, have almost consistently lost money, and are now seriously considering withdrawing from the province entirely, a movement which is entirely within their rights since no man or corporation can be reasonably asked to continue to do business at a loss, and that the big companies have been doing this there is no doubt whatsoever. With the big companies removed from the province, there is no private provincial company that can possibly carry with any degree of safety to itself, even a reasonable proportion of the \$18,000,000 worth of risk that is written in this province each year. The size financially of the company that would be safe to carry these risks under such conditions cannot be readily estimated, but if the rates are to stay where they are, the capitalization would have to run into millions in order to guarantee full payment on all losses, or else the rate would have to be still further increased for a number of years in order to provide a large reserve against contingencies and the experience of Saskatchewan with its municipal scheme, having a reserve of nearly \$1,000,000 in cash, has been sufficient to show that even then the reserve is liable to be wiped out in a few hours by a storm of unusual magnitude and severity.

From the information gathered through our experience this year, this office is frank to admit that we consider that ways and means must be found for the present at least, to keep the big companies in the field, and that can only be done by offering them inducements in the way of a reasonable opportunity to make a fair margin of profit on the business

that they do. Whether that can be done by an increase in the rate, or by a reduction in the cost of administration, is for us to determine and by investigation, but we as farmers have got to realize that hail insurance is a business proposition whether we handle it ourselves on a co-operative or some other basis, or whether we have some outside private organization doing it for us. We have either got to carry our own insurance and pay ourselves for it, or we have got to get somebody else to carry our insurance and pay them for doing it, and the situation at the present time in all seriousness looks as if we were going to vote out of existence the scheme which offers us an opportunity to carry our own insurance, at the same time that the private companies who have been supplementing this municipal scheme, are about to withdraw from the province entirely. The chances are that if we had given to both schemes the attention that we should have done since we have to pay in both cases, we would find that the failure in each case is due to faults in the administration that we could have remedied without much trouble. It is not yet too late, but action will have to come quickly if it is to be in time. The matter is to come before the convention of the U.F.A. Give it all the consideration that you can both before and at that time. —P.P.W.

CALEDONIAN LOCAL ACTIVE

J. C. Bridges, secretary of the Caledonian Local, reports as follows: "Our last meeting was well attended, and I am pleased to report the following motion: 'That the members present were all agreed that the raise in the membership rate to \$2.00 per year was not any too much considering the work done by the head office.'"

Mr. Muir, our last year's delegate to the convention, spoke well and said that it was the local's own fault that they did not receive more benefits, for the members did not attend meetings and therefore could not do business.

We intend sending two delegates to the next convention, R. H. Brown and H. Pearson. We also arranged to hold a social and dance in aid of the Red Cross on Friday, November 30.

INTER-PROVINCIAL GOOD WILL

We have received the following very kind letter from our sister province:

"I have just finished reading your Special Circular No. 20, in the November 14 issue of The Guide. I am a farmer living in Saskatchewan, but hope it will not bar me from becoming a member of the U.F.A. I am no respecter of boundary lines. Enclosed please find \$2.00.

H. Halvorsen."

This expression of practical goodwill coming across the imaginary border is particularly gratifying to us, as we trust it will be encouraging to our members in the discussion of the matter to which our friend refers.

We hear from Mrs. J. W. Guthrie of the Sunnyvale U.F.W.A., in enclosing membership dues, and advising us that they are sending two delegates to the convention. To quote from her letter: "We have just the other evening held a very successful entertainment, of which the chief feature was the play 'Haying Daisy,' which you so kindly typed for us. We raised \$120 on this entertainment, which will go to the Red Cross."

O. A. Bagg of Strome writes reporting the formation of a new Local Union at Owre, to which he acted as organizer. He mentions that this is the third try they have had, and it apparently proved to be the proverbial lucky one, as we have since heard from the newly appointed secretary, H. O. Brown, remitting for a membership of 22, in addition to others transferred.

The farmers in that district appear to be enthusiastic and determined to make a real live union of this.

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