

The Insurance Chronicle

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FIRE: ITS CAUSES AND CURES.

III.

Few of them would have started, or when started, would ever have produced such disastrous results, if attention had been paid to proper and safe construction.

Does anyone believe there would have been such destruction in San Francisco, notwithstanding the earthquake, if there had been no frame terrace, no wooden roofs, if its brick buildings had not been studded with wooden bay windows, wooden additions and wooden trimmings? If there had been no buildings higher than the width of the street on which they fronted.

Fallen and wrecked buildings would no doubt here and there have ignited from escaping gas from broken gas pipes, or from broken electric wires, cracked flues, overturned stoves and lamps, but they would in all probability have burned themselves out in the place of their origin, without spreading to adjacent property.

In the absence of water, the fire department would have found other means to extinguish a fire and circumscribe its extent if there had been no inflammable material in its immediate vicinity to feed upon or ignite from flying sparks, blocks and miles away.

The remedy, therefore, would seem to be "the ounce of prevention," namely: Have laws enacted and enforced to protect the people against their own folly, apathy and carelessness. The authorities, by sanitary laws, prohibit people from living in filth or under unsanitary conditions, legislate to protect the populace from the infection and spreading of disease, etc. Hence why, if it is proven that a great percentage of our fires originate from matches that will ignite wherever they happen to lie, should not the use of such matches be prohibited by law, or why should it not be a penal offence to carry or bring such matches into buildings, where a large number of men, women and children have to work or trade, or into places where they may gather for amusement or instruction? So, also, should the careless deposition of lighted cigars and cigarette stubs and candles be made a penal offence.

All owners, architects and mechanics in any way responsible for the construction of defective flues, fireplaces or chimneys, or the unsafe setting of stoves, heating furnaces, or boilers, should, upon conviction, be likewise liable to fine or imprisonment. Why not? Would such laws not be just as important and as justifiable and beneficial as the law that you may not expectorate on the sidewalk, in the street cars, or in public places?

Under some such laws, conscientiously enforced, the regular annual destruction of over one hundred and seventy million dollars worth of property, exclusive of extraordinary conflagrations, might be cut down to one-half or one-fourth, the ratio of fire losses would be reduced from an average of over three dollars per capita to that of the average in European cities of about sixty cents; the cost of insurance would certainly be reduced, and we would get hold of the all-important question of fire protection from the same sane standpoint we are handling other important matters relating to the public welfare and safety.

PLAIN TALK ON FIRE INSURANCE.

Mr. Walker Taylor in an Informative Speech Disposes of Some Myths.

An address full of meaning was made a few weeks ago before the North Carolina Fire Underwriters' Association by Mr. Walker Taylor, of Wilmington, representative there of the Western Assurance Company, of Canada. He begins by asking why fire insurance, which is so closely allied to the entire business world, is so constantly attacked by legislators of various States, and answers that it is largely the

fault of the local insurance agents, who fail to educate the public in times of peace as to the nature and claims of fire underwriting.

Analyzing the total fire premiums of eight years in North Carolina (\$13,532,000), he shows that \$12,386,000 of the total is left in that State and only \$1,146,000 taken out of it. Thus: Local agents at 15 per cent. commission, get \$2,029,800; State taxes, at 2½ per cent., absorb \$338,300; State companies' premiums, less local agents' commissions at 15 per cent., counted above, \$2,481,100; salaries of thirty special agents at \$1,500 each and expenses, \$1,080,000; licenses to State, \$176,000; agents' licenses, \$34,000; losses, \$6,247,000. Add these together and subtract them from the premiums, and the amount taken out of North Carolina in eight years is \$1,146,000. This disposes of the cry, so often heard, that "foreign companies" drain a State of the premiums its citizens pay.

There are, say, 110 foreign fire insurance companies doing business in North Carolina, and the average capital stock of each of these is \$500,000. It is found, then, that the average net earnings yearly on capital stock does not exceed 2½ per cent. Mr. Taylor asks: "Is there any other business working on so close a margin?"

By the adroit use of a domestic figure the speaker showed how little justice is shown the companies which do business in the various States by courtesy of the individual State. If the invitation to do so is encumbered with such adverse conditions that it is against their interest to do business therein. To be sure they have the option of refusing to do business, and this they did, in July last, in the State of Texas.

But speaking of the underwriters being placed in the position of invited guests, Mr. Walker Taylor says:—

When you invite a guest to your home to a meal, and tell him that he must contribute to the organ fund, must help keep the automobile in condition, put shoes on the children, and pay the cook extra, your guest is likely to decline your invitation. This is the privilege the companies reserve for themselves also.

A pregnant fact is stated in the course of this address: Not a single fire insurance company member of a tariff association or a rating bureau failed in the great San Francisco conflagration. The only companies that failed were those who refused to join the tariff associations, but preferred doing business separately, and were not willing to contribute their pro rata part of the expense of maintaining such organizations, being thereby denied the benefit of the statistics and experience of their competitors.

FIRE AND MARINE NOTES.

The Ampersand Hotel, the largest and most fashionable hotel in the Adirondacks, was totally destroyed by fire on Monday. The loss is estimated at about \$270,000. It is believed it was fully insured. The hotel closed for the season last Saturday.

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The steamer "Picton" of the Richelieu & Ontario Navigation Company, which was burned in Toronto on Saturday last, entailing the loss of two lives, is said to be insured in Lloyds, of London, for about \$50,000. The owners have abandoned the vessel to the underwriters.

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The New Jersey Fire Insurance Company, of Camden, N. J., has discontinued business. It commenced operations in May, 1906, with \$200,000 capital, and \$50,000 surplus. It is believed that the capital is heavily impaired. The company had written an unduly large volume of business for its size, on which it had experienced heavy losses. It will liquidate without reinsuring its risks.

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That Governor Hughes has by no means relinquished his pursuit of Otto Kelsey, Superintendent of Insurance for the State of New York, is evidenced by the fact that Matthew C. Fleming, who was appointed by the Governor to investigate the working of that Department, commenced his duties a few days ago. The superintendent is at present absent, attending the meeting of the Insurance Superintendents of the different States at Richmond, Va.

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Quite a sensation was caused by the recently announced assignment of the old established Winnipeg firm of Carruthers & Bradley. They represented a number of leading fire insurance companies, including the Phenix, of Brooklyn, and Queen. The senior partner, Capt. Carruthers, was the president of the Board of Trade and recently resigned. Mr. J. B. Persse was elected in his stead. It is believed and hoped that the firm's difficulties are merely of a temporary nature.

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A Western journal gives the San Francisco disaster as one reason for the tight money situation. Certain it is that the San Francisco convulsion, by creating an unprecedented