



# INSURANCE SOCIETY

"Still achieving, still pursuing,  
Learn to labour and to wait."

Vol. II., No. 4.  
OFFICE: 102 St. Francois Xavier St. }

MONTREAL, APRIL 20, 1882.

{ SUBSCRIPTION:  
\$1.00 PER ANNUM.

## The Office of "INSURANCE SOCIETY"

IS IN THE  
EXCHANGE BANK CHAMBERS,  
No. 102 St. FRANCOIS XAVIER STREET, MONTREAL.

Annual Subscription (in advance) - \$1.50  
Single Copies (in numbers less than 100) - 0.15

The study of the principles of Fire Insurance is not popular, nor is its necessity apparent to the casual observer, because that Insurance against loss by fire is so easily obtained, and is offered by so many eager competitors as to make the supply appear inexhaustible, consequently, what is so common and so readily secured is deemed unworthy of study; meanwhile, there are many propositions advanced which seem so contradictory as to demand some consideration.

First, we have the statement that there are too many companies, and that the excess causes such demoralization as precludes profit to any. Then we have the contradictory statement of the *Review*, which claims the position of a leading authority in insurance matters, that there are not enough companies, and that this is shown by the statistics of every and all fires, which demonstrate the fact that not half the insurable property is protected by insurance.

Then we have many people—from school children up to managers—who deduct total expenditures from total receipts, and call the balance "profit." We find authorities who claim that the pro-rata unearned premiums are adequate reserve for future contingencies; whilst others claim that the largest possible liability by any one conflagration is the amount necessary to a Company's solvency, whilst others claim that the amount for which a Company could re-insure its incompleting contracts is the measure of its real liability on their account, although it is evident that if one Company obtains an average of, say ten per cent. more premium from the same class of risks, for the same amount of guaranteed indemnity, than another does, then the premiums cease to be any guide to the real liability under policies in force.

Again, one Company inspects every risk it assumes, another asserts that it is economy to forego personal inspection; another (of the majority now) uses Insurance Plans and Surveys so as to guard itself from hazard of locality, or accumulation of hazard in localities; whilst others think it economy to trust to the agent's reports as to risks within certain distances of each new one proposed.

One manager compares every risk with a mercantile agency report, whilst others do not judge of a man's honesty by his credit.

We have underwriters who insist on writing specific amounts on every portion of every risk assumed, whilst others deride the idea of being "so particular," and will write "on contents of his barns and outbuildings" or any other form of blanket insurance their patrons desire.

Some policies have conditions which would appal the stoutest heart, whilst others guarantee that "in case of loss by fire to the property therein specified, this policy, as to the payee mentioned therein, shall be absolutely free from all the conditions endorsed therein."

Some underwriters court the business of the Loan and Mortgage Companies, whilst others abhor it; the lists of prohibited risks of the various Companies contain nearly every form of manufacturing hazard, but are as diverse as can be conceived. One Company's meat is another's poison; one Company declines an undoubtedly good risk "because there are not sufficient of its class to form an average," whilst another takes every risk offered if a satisfactory rate can be obtained.

If you could get the Fire Underwriters of Canada, Europe and the United States to sit down, and each one write down his reason for the rate on any one particular risk, you would get as many differing statements as there were writers, if, as would probably be the case, any such thing as a reasonable "reason" were found amongst them.

Some would refer to a tariff which was based upon conjecture and never really in force; others would refer to statistics which were never complete, and which were compiled under circumstances entirely different from those of the present; others might quote the offering of a similar rate by other Companies, but few would really demonstrate the actual adequacy and equity of the rate.

Then, after a loss, there are not two live adjusters in the known world who really agree as to the apportionment of a loss under non-concurrent policies; each and every one is the creature of circumstances as he finds, can control, or is controlled by them. One shovels all the policies into a cart and dumps them in heaps, whilst another cuts them up into little bits and fits them like a Chinese puzzle; one reduces them to a liquid form, and fills first the little cups, and then the larger ones as their size increases; another one begins with the big dishes first and plays *diminuendo*; another one begins with the middle-sized ones and treats first a little and then a big one in succession; another, whilst beginning in the middle, insists on taking a big one before he takes a