

FIRE INSURANCE COMPANIES AND THE FIRE WASTE.

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"to recover in excess of sixty per cent. of the loss or damage in respect of such property; but if for any fraudulent purpose the assured does not disclose such other insurance to the company this policy shall be void."

The well established practice of fire insurance was other insurance without notice voids the policy. You can see the reason for this. What might be a good risk with a certain amount of insurance might become a decidedly bad risk if the insurance were increased—at least the insurer should be given the opportunity of knowing whether it wished to remain on under the altered conditions.

We can see the working of the legislator's mind and sympathize with it. But let us see how it works out in practice. Suppose a case where one insurer exercises prudence and agrees to grant only what insurance he feels the property will stand; another more reckless, with knowledge of the first insurance, issues another policy, and the inevitable happens. Why should the prudent underwriter be penalized, to any extent, for the recklessness of the other?

Of course, both companies may be unaware of the other insurance.

THE COURTS AND THE COMPANIES.

The aversion of companies to have to resort to the Courts is well known. It is really astonishing, considering the number of claims and the amount of money involved, how few ever reach the Courts. But occasionally we come across one so raw that if the manager of the insurance company submitted he would feel that he had become *particeps criminis*. I will illustrate the point by giving an experience of my own. A poor widow held a policy covering her furniture and little stock of groceries. She had the misfortune to suffer some damages from a fire upstairs—some water came down, and a little plaster fell from the ceiling. Upon being notified, the Company's Inspector went up with the agent who placed the risk, and went over the stuff item by item, and put down the assured's own estimate of the damages. It totalled \$35. The woman said she thought she ought to get \$50. He asked why, if her own estimate of the damage only amounted to \$35. She gave a woman's reason—"because." He told her that if she could show him any damage to the extent of \$50 he would gladly allow it. Then he left, and when he got back to the office the agent phoned to say she had agreed to accept \$35. A cheque for that amount was sent up. In the meantime, the professional adjuster appeared upon the scene, and he told her to entrust the matter to him, and he would show her how to make a claim. He did. He put in a claim in regular form for \$187.50. This matter dragged along and finally reached the Court. The stage was all set. A poor widow on the one hand striving to get her rights; a grasping insurance company on the other endeavoring to withhold from her her just due. At least, that is how it appeared to the Judge. Unfortunately, he was unable to see that the Company *per se* had no knowledge of the circumstances at all, or to appreciate that the impelling motive of the individual, who was instrumental in bringing the case before him for adjudication, was something higher than the mere saving of a few paltry dollars. The

professional claim maker swore like a perfect gentleman, with the result—judgment for the plaintiff.

MONTREAL'S CONDITIONS.

I would like to allude to one other point in Chief Tremblay's address—the effort to get the companies to make a return of their losses in Montreal. He frankly admits the object: to support a demand for lower rates.

In the first place the Chief's premises are wrong. He speaks of the premiums being three or four millions. There's quite a difference between three and four millions. Which is it? To be exact, according to the last return it is \$3,057,280.69—just over \$3,000,000. As to his estimate of their losses, \$1,250,000, I don't know how nearly correct that may be, but the trouble is that it's not a fixed quantity. It may be a million and a quarter, or ten times a million and a quarter. But in any case, that is not the proper way to look at it. The insurer charges for the risk and earns that money regardless of whether the risk becomes a claim or not. That is the whole principle of insurance—those who don't have fires pay for those who do—and this applies to cities as well as individuals.

Now what is this \$3,057,280 in insurance premiums paid for in Montreal? I will tell you. It is paid to guarantee the citizens of Montreal against loss by fire to the extent of \$720,000,000. That is, roughly, the amount all the companies have at risk on Montreal property, and beside that the \$3,057,280 doesn't seem such a large amount.

DEFICIENT WATER PRESSURE.

But I may be told the possibility of any such loss occurring in Montreal is very remote. I hope so, but it appeared equally remote in San Francisco, yet San Francisco burned. "Oh!" I may be told, "we don't have earthquakes in Montreal." That may be, but San Francisco burned because they didn't have any water to put out the fire. Montreal has been known to be without water, and if you want to know how precarious is the situation read the report of the Bureau of Municipal Research. But I will quote you an authority nearer home:

"The night of the Grey Nunnery fire the water pressure on Dorchester Street, St. Matthew Street and Guy Street was 23 lbs.—The attack on the Dorchester Street end of the building had to be abandoned because the pressure was not sufficient to get the water up to the third floor * * * If the central business section is to be protected it is an absolute necessity that the high pressure main be extended."

These are not my words but the words of one whose opinion would, and very properly should, carry far more weight—these are the words of Chief Tremblay.

But to return to the question: what are the fire insurance companies doing to keep down the fire waste? I recall driving out one cold winter's day, about five years ago, with a few other managers to look over the pumping station. We were so impressed with what we saw that we published a warning of what was likely to happen. Nobody paid any attention; it was looked upon as an excuse to raise rates. Shortly after there was a break down and Montreal was without water for about a week.

A little later we approached the Board of Control

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