

Companies.	Fire Premiums. 1902.	Fire Losses. 1902.
	\$	\$
New York State Int. Stock Co.'s...	54,233,211	24,798,278
Companies of other States.....	81,335,767	40,849,291
Foreign Co.'s U. S. branches.....	60,677,040	28,529,023
N. Y. State Mutuals.....	58,090	37,143
Other States' Mutuals.....	470,686	269,928
Totals.....	\$196,774,795	\$94,483,665

Companies.	Fire Premiums. 1903.	Fire Losses. 1903.
	\$	\$
New York State Int. Stock Co.'s...	53,506,313	25,221,341
Companies of other States.....	82,017,913	39,444,306
Foreign Co.'s U. S. branches.....	54,963,227	27,934,233
N. Y. State Mutuals.....	53,082	23,290
Other States' Mutuals.....	519,272	259,634
Totals.....	\$191,059,809	\$92,882,806

WHAT IS CHEAP FIRE INSURANCE.

Now that the rates for fire insurance have just been advanced in Quebec City and elsewhere, it is timely to ask, What is cheap insurance?

The answer, cheap insurance is insurance issued at a low cost—does not satisfy us.

When fire insurance is sold it not only implies a sale, but a contract entered into similar to the sale of a promissory note, with this difference, that while the date of payment in the one case is fixed, that of the other is quite uncertain; it may become due in four and twenty hours or it may never come due at all. Still, in both instances, there is a certain amount of trust or faith necessary before the purchaser will buy or enter into the contract, and the price should be guided largely by such trust or faith, and undoubtedly it is in the parallel case of the promissory note. What good business man will accept a promissory note for \$500, unless he is perfectly satisfied of the intention and power of the issuer to meet the obligation? Otherwise it is almost certain to be useless trying to induce the acceptance by a concession in price. The reply will probably be that he does not desire to run the risk. Such a man may be in the ordinary affairs of trade and commerce both safe and cautious while the very suggestion of a gambling transaction would be indignantly resented.

Yet, strange to say, this same individual, so particular about the security of \$500, who preaches against pure speculation, as the canker which destroys bona fide commerce, when a fire insurance policy, involving the amount of \$5,000 or even \$10,000 is offered seems to become an altered man. He who scoffed at the attempt to inveigle him into taking the note for \$500 by a temporary advantage, accepts a fire insurance policy for ten or twenty times that amount for a concession in rate! He calls this cheap insurance, whereas, if the company issuing the policy has been selling its goods below cost, it may be the dearest insurance ever bought.

We emphasize the words "may be" because a fire within the life of the policy is by no means certain, and this is where the gambling element, so abhorrent to our business friend, enters into the transaction. An individual policyholder may not suffer by the demise of the company issuing the policy, but the community at large undoubtedly does; as surely as it does when any large mercantile concern collapses, such acting indirectly upon those who never entered its doors. Many will agree with us in this when they recall the list of the numerous defunct fire insurance companies during the last twenty to thirty years in Canada.

Insurance which does not insure cannot be considered cheap, there must be a margin of profit as in all commercial commodities. Otherwise, so far from benefitting the community it injures it like unproductive gambling, which "mocks the meat it feeds upon."

Who is to fix the margin? We think this question is easily answered. It should be left to those who have been educated to the business coupled with extended experience. A hardware merchant does not pretend to dictate to a woollen manufacturer the price at which the latter shall sell his cloth nor vice versa. Yet both will not hesitate to criticize and even condemn the methods of fire insurance, glibly asserting in the face of all statistics, that the companies are charging outrageous rates and making enormous profits. We have heard the argument that fire insurance should be managed like other business and the bad debts of one year should not be saddled upon the next. In other words, given the receipts, placing against them the losses and expenses, and the balance shows the result.

The companies doing business upon such lines would very shortly be able to say, We have gained experience. What the public want is insurance which insures; the policy must be as certain as a conflagration is uncertain. A broader view must be taken than merely looking at an individual risk or rate; reserve funds and average have to be taken into calculation. The great fires of Chicago, Boston, Baltimore, St. John, Ottawa, etc., were sad calamities, but they would have been increased more than a hundredfold had the sound, well-managed companies not charged their customers sufficient to make a reserve fund, but had furnished what is called cheap insurance.

In conclusion, we would point out that there is no such thing as "fooling" the business in fire insurance and consequently quite enough competition to prevent rates becoming too severe, while the reduction of hazard in individual risks or material improvement of municipal appliances have and will always have due consideration given them by the companies, who, paradoxical as it seems, can earn more by moderate than by excessive rates.