

## CUT-RATE INSURANCE.

The average man believes, without knowing why, that insurance is a business of large profits and moderate demands upon its promoters in the way of managerial ability and experience. The belief or superstition, for that is what it really amounts to, probably exists because of the fact that many large companies have been eminently successful and the prospective cost of insurance is a mathematical problem having to do principally with the doctrine of probabilities. If this cost were as easy to ascertain as the cost of sugar, the only cut-rate insurance would be based on reductions of agents' commissions. Some company promoters do not investigate this mathematical problem, or they question its conclusions, or apparently trust in an all-wise Providence to see them through safely. The inevitable result, remarks the Insurance Intelligencer in discussing this subject, is a financial loss as well as a loss in prestige and standing to their companies, themselves and their agents, and probably a financial loss to their policyholders.

Now, why is this so? There are very few instances of successful combinations in any line to maintain or charge improper prices for anything that cannot be wholly or partly monopolized at its source of supply, for the reason that the desire of every man to get ahead of his fellows would be inconsistent with such a combination. A union of retail grocers of a given district to double the price of groceries without some method for effectually prohibiting others from engaging in the business is unthinkable. It is just as impossible for any association of insurance companies, without reconstructing human nature or without making the floating of new companies more difficult, to successfully maintain the rates for any kind of insurance at an improper figure for any length of time.

### A SPECULATIVE RATE.

There is absolute proof of this theory in the history of every new form of insurance. At first the rate must be speculative, that is, no one knows what the rate should be. With the accumulation of the necessary experience the rate charged always resolves itself into a figure that will just cover losses and expenses. Less cannot be safely charged and more is unnecessary. The result is the same whether the companies maintain a bureau of any kind or not. Legislative activities against company bureaus or associations represent just about so much wasted energy—paid for by taxation.

A recent publication gives a list of 194 active fire companies at the close of 1915. Since 1907, 168 such companies have found it expedient to retire from the field, a company mortality of 86 per cent. of the number of companies now existing.

Similarly the list of casualty and surety companies gives 71 active organizations in 1915, while since 1907, 51 companies of this class have gone out of business, a company mortality of nearly 72 per cent.

A similar mortality among banks would cause something akin to a revolution, but then the cost of conducting the banking business is easier to ascertain than is the cost of insurance and we never hear of banks offering to sell \$1,000 certificates of deposit due in one year for \$750.

## EMBEZZLEMENT RECORD.

Press notices and dispatches, as collated by the Bonding Department of the Fidelity and Casualty Company of New York, indicate, for the months of February and March, 1916, the following defalcations:

	Feb., 1916.	March, 1916.
Banks and trust companies.....	\$12,849	\$387,400
Public service.....	35,201	39,173
Beneficial associations.....	2,077	3,023
General business.....	45,385	365,752
Insurance companies.....	50,260	321
Transportation companies.....	3,300	41,491
Courts and trusts.....	26,100	8,000
Miscellaneous.....	6,665	11,752
Total.....	\$181,837	\$856,912

### "WHAT WILL SHE DO WITH IT?"

An attractive new booklet with this title has been issued by the Canada Life Assurance Company dealing with the subject of Monthly Income Insurance. The booklet comprises a reprint of a paper read by Mr. A. Gordon Ramsay, assistant superintendent of the Company. Mr. Ramsay makes his points with great effectiveness, his argument being reinforced by an attractive series of illustrations. Excellently got up the new booklet should prove a good argument for Canada Life insurance when placed in the hands of suitable prospects.

### CANCELLATION OF A FIRE POLICY.

In a judgment rendered in the Montreal Superior Court, Mr. Justice Martineau maintains the right of a fire insurance company to cancel at will any policy held with a client. In May, 1913, Joseph Simlinglis, of 1545 Ontario Street east, insured his premises in the Provincial Fire Insurance Company of Canada. In December he had a small loss, the claim being duly paid. At the time of payment, Simlinglis signed a declaration cancelling the policy. Four months later, fire again occurred on the premises of Simlinglis, this time causing \$700 damages. A claim was made to the company for payment of this amount, but the application was rejected on the ground that the insurance policy no longer existed. Thereupon Simlinglis took action against the company, seeking judgment in the Superior Court for the amount of his claim for fire insurance. Plaintiff stated that he had signed the declaration in error, and without knowing that it was one that quashed the insurance policy.

The Court held that plaintiff had given proof of his error, "but," added Justice Martineau, "what I have to decide now is whether the error disqualifies plaintiff's claim now, or, because it was an error on his part, is the policy revived so that he can recover the damages?"

"Considering that an insurance company has the right to annul a policy without the consent of the party insured, I cannot hold that the policy under which plaintiff now makes his claim has any value, notwithstanding the fact that his consent to quash it was given in error. The action of the plaintiff is therefore dismissed with costs."

The St. Paul Fire and Marine Insurance Company has been licensed to transact hail insurance by the Dominion Insurance Department.