

ver. They spread their business all over the city, and they watch that their total liability is kept within a certain proportion to their assets and business.

The total liability that is carried by the fire offices in British Columbia approximates \$400,000,000. That is to say, the insurance companies business in British Columbia of about one hundred offices, have insurance to the amount of \$400,000,000 in force. Of that large amount, \$25,000,000 is covered in this City of Vancouver. In Victoria there is between thirty and forty millions of liability. In New Westminster there is about eleven and a half millions, and in Kamloops and Nelson about three and a half millions. Even the latter is no small sum when it has to be raised in a hurry, and it can only be safely carried by companies with their large assets and deposits in Canada, and with further large assets at their home offices. It is by the large funds that have been gradually accumulated to back up their contracts that fire insurance companies are able to carry on or stand such enormous conflagrations as occurred in San Francisco.

When conflagrations occurred in Chicago in 1871 the insurance involved was \$96,000,000, but only \$44,000,000 was recovered by the claimants; there was a loss of \$52,000,000 by policy holders. A large number of fire insurance companies were ruined, and many prosperous business men found themselves beggars. Nearly every insurance company doing a local business was utterly ruined. Most local companies had been organized with comparatively small capital, and they had shut their eyes to the liability they were assuming.

In Boston the following year, namely, 1872, there was another great conflagration, with insurance of about \$60,000,000. Many of the smaller companies had been wiped out by the Chicago conflagration, but many others succumbed to the Boston catastrophe, and only \$36,000,000 insurance was collected, leaving a loss of \$24,000,000 to property owners.

These severe lessons were so taken heed of by the governments of the various states that ever since it has been the law across the line that a company must maintain its capital absolutely intact, that is, be able to pay all its liabilities, and also pay its shareholders in full, and failing that, they must go out of business at once. The result of that practice was that only the larger companies remained in business, and as an attribute of good management is to increase the assets in keeping with the liabilities, when the San Francisco conflagration occurred, with a loss of \$240,000,000, almost the whole of that immense sum was paid to policy holders by the insurance companies.

The fire insurance companies licensed in Canada have assets of \$80,000,000 in Canada. Of course that is only a comparatively small portion of their total assets. There are many companies with assets in Canada of one million dollars, and twenty or thirty millions of assets at the home office, all of which is liable for their contracts in Canada. By this modern system of insurance carried on over the world the conflagration liabilities are able to be carried. You must look forward to the fact that conflagrations have occurred in the past with remarkable regularity. They may not occur for a year or for a period of years, but they will come.

It is rather surprising, but if you will look at the statistics you will see that the number of fires that occurred last year are in proportion to the population. As the population of a city grows, there will be a steady increase in the number of fires. There will not be much variation. There will be a considerable variation in the amount of loss, and as it is in the cities, so it will be in the province. A city will go on for years without any very great loss, but the number of fires that occur will remain about the same. Ordinarily these fires are put out with small losses, but suddenly a whole section of the city will be wiped out. We may expect conflagrations to occur regularly in the future, as they have in the past, and the well managed companies recognise that the best way to safeguard themselves is by having large assets, by leaving the profits made in the companies at the risk of the business and content themselves by an increase in dividends from the interest on such accumulation of funds, until eventually they are able in many cases to pay their dividends out of the interest on these accumulations.

In connection with this liability there is another feature, and that is insurance on dwellings. Many people say if we wrote only on dwellings we would be quite safe. Dwellings are a high explosive mixture. In Vancouver a premium income of \$5,000 would mean a liability of one million dollars. There ought to be some margin of profit in ordinary times to carry that liability, and the experience in Chicago and of other cities is that the dwellings business is the business that puts the company on the rocks when a conflagration occurs. It is quite idle to think that great success can be achieved by writing dwellings. There is not a single company in existence that wrote dwellings and nothing but dwellings.

It has been admitted by everyone who has looked into the question that in the ramifications of present day business, fire insurance is one of the greatest and most important factors in that wonderful fabric of credit upon which most of our business is carried on. The banker would not give