

# The Chronicle

Banking, Insurance & Finance.

ESTABLISHED JANUARY, 1881

PUBLISHED EVERY FRIDAY.

Vol. XXXIII. No. 31

MONTREAL, AUGUST 1, 1913.

Single Copy 10c.  
Annual Subscription \$5.00

## PREJUDICES AND THE FIRE LOSS.

There are two widely prevalent prejudices in human nature, which have something more to do than is commonly supposed with the extent of the fire loss. The first is that widely-prevalent superstition (with which it is impossible to argue) that the deliberate cheating of governments, railways, insurance companies and similar bodies is something highly commendable and certainly not a breach of the eighth commandment; the other, that it is the bounden duty of fire insurance companies to pay for fire losses upon a generous scale without too close attention to the actual facts of the loss incurred.

This second prejudice is perhaps not so widely prevalent as the first, yet the idea that insurance companies must expect to be "fair game" for those who incur fire losses is met with in all kinds of places. Eminent occupants of the judicial bench have been known to explain with becoming dignity that it is not their custom, when dealing with cases in which claims are made against fire insurance companies, to whittle down the claims to too fine a point; the astonishing values which lace curtains, mattresses and the like assume when they happen to have been slightly singed because a candle overturned or something else unfortunate happened are a commonplace of the daily routine of fire insurance offices; and, if report be true, there has grown up a certain class—a variety of "ambulance chasers"—who make a very respectable living by the skill displayed in arranging with fire companies settlements which are mainly if not entirely conspicuous for their generosity. Why should these things be? Why should a fire company be required to pay a cent more than the due amount for any loss, any more than a storekeeper should be compelled to give a pound and a quarter of butter in exchange for the price of a pound?

There are ample reasons why not. For fundamentally considered, fire insurance is a tax. The fire insurance companies are in business, not to secure opportunities for exercising their beneficence, but merely for the purpose of paying out fire losses.

Fire insurance being in its nature a tax, it follows that the more the fire companies are required to pay out, the more they will require to collect in order to meet those payments, in exactly the same way that the greater the expenditure of a municipality, the greater the amount it will require to raise from its citizens in taxation. So that what the argument for "generous" settlements comes to is that the public generally ought to be called upon for additional taxation in order to make a charitable donation to every individual who has a fire—even if that fire, as it may very well be in many cases—follow as the inevitable result of carelessness. People shout about the height of fire insurance premiums, but they don't see that every time they howl for "generous" settlements or encourage some acquaintance to get his non-existent "rights" out of a fire insurance company, that they are merely keeping up those premiums; taking money, in fact, out of their own pockets.

Not only is there the failure to realise that the man who tries to get a "generous" settlement out of a fire insurance company is merely attempting to steal the clothes of the friends who are whooping him on to the task and of everyone else who pays fire insurance premiums, but the general attitude towards the fire loss also leaves something to be desired. Under present circumstances, the man who has a fire enjoys the sympathy of his community. Perhaps he deserves it, but it would be more conducive to the reduction of the fire loss and the consequent reduction of fire insurance premiums, if instead of being regarded with nothing but warm sympathy, he were shown some of the chilly official austerity with which the man who has a fire is regarded in some of the countries of continental Europe. It seems clear that while the present campaign of education in fire prevention and reduction which is being energetically pushed throughout this continent will in time do good service, the full benefits of it will not be reaped until it is coupled with a policy of active restriction, such as is followed in Germany and France. When the State brings to bear its police power on the people who clamor for "generous" settlements and the like, there may be a fair chance of reducing the fire waste.