

RE HAIL INSURANCE

The Central office has received a letter from first Vice-president W. D. Trego, in reference to the article published in The Guide of December 12, re hail insurance. Mr. Trego feels that the article was not sufficiently clear to enable members to draw correct conclusions, and thinks that to the farmer who has not made a study of the subject he might imagine that the present rates were too low to carry the hail insurance risks of this province with safety and a reasonable degree of assurance that the losses will be paid in full. Mr. Trego advances a number of reasons why he does not think that this is the case, all of which are perfectly good. From our experience and information of the last season we would have no hesitation in going even further along these lines. We purposely refrained from stating our opinion as to the reasons why some, perhaps the majority of the big American companies have so far failed to make any sort of showing in the province and in some cases have suffered severe losses. There are perfectly good and logical reasons to account for this, and there is no insuperable difficulty so far as we know in the way of rectifying them if we as an organization will only take hold of the subject in a serious manner and make a real honest effort to place a business such as hail insurance, which is more essentially a class proposition so far as farmers are concerned than anything else that we could touch, on a proper basis.

In regard to the rates in this province, a reasonably fair estimate of the cost to the big American companies of doing business under the present system, is about 40 per cent. or nearly half of the total premiums collected. Of this enormous cost in most cases from 25 per cent. to 30 per cent. represents commissions paid in order to secure the business, the balance represents the cost of adjustments, office expenses and other incidentals, and while that part is the smallest half of the overhead costs, there is good reason to believe that it could be further reduced by the introduction of a little co-operative effort on the part of the hail insurance people themselves. The main thing in this connection to note is that out of every \$100 of premium paid by the farmer, roughly only \$60 is available to pay losses, the other \$40 being paid out in commissions and expenses. This in itself should be sufficient to indicate that the trouble is not in the rates, but in the conduct of the business itself. A careful perusal of the article of December 12, will show that a number of other suggestions were offered which would be likely to bring a company out with a loss at the end of the year when the conditions really did not warrant any such result. At the time the article was written, it was not considered advisable to indicate just what information was available to show how far these suggestions were justifiable. Some facts have already been laid before your executive and the matter will be gone into again by your board of directors, and at the convention all of the information will be placed at your disposal.

Have Losses Distributed

Mr. Trego remarks in his letter as follows: "The only way to have the hail insurance business handled successfully for all concerned, is to have the losses honestly distributed among all companies collecting the premiums and carrying the risks, and to then have the losses honestly adjusted. The only way to do this is for the farmers of the province to take hold and see that the Hail Insurance business is conducted on a basis of equity; to see that the expenses are put on a right and equitable basis and when sufficient experience has been gained to determine what rate is required to handle it to get down to the proper rates to carry the losses."

There is no doubt that this is a reasonable and logical thing to do. We have had to do it in the grain business, and we will have to do it in the hail insurance business. We cannot very well tell the other fellow what his percentage of expenses shall be until we have tried it out for ourselves, and can if necessary compel him to cut down his operating expenses by getting into

competition and conducting the business ourselves at a lower cost. Personally I am satisfied that if the business were conducted on a basis of equity such as Mr. Trego suggests, the same rates that were charged last year would provide for every company writing hail insurance in Alberta, a handsome margin of profit even in the worst year on record so far, namely 1916, and if we were conducting our own business and putting this margin of profit into reserve we would then within the next few years have such a surplus in hand that we could afford to take the risk, reducing the rates until, taking into consideration our experience over a number of years, we would know that we had reached a point which would be as near as it was possible for us to get to a rate which would represent the actual losses sustained plus the minimum allowance for operating expenses.

Far from considering that the present rates are not sufficiently high, and that there is any justification whatsoever for the large increase in premiums which the farmers of this province will be expected to pay next year, the Central Office is of the opinion that the rates for 1917 were higher than an equitable administration of the business would justify and that with a reasonable degree of effort on our part we can within the next few years save ourselves a considerable margin of profit out of the premiums made during that time, in addition to bringing about a considerable reduction in the cost of such insurance.

P. P. W.

LETTER FROM NEW ZEALAND

We have recently received a letter, which will perhaps be of interest to our readers, from the Dominion secretary of the New Zealand Farmers' Union, the motto of which organization is Principles, Not Party. Later perhaps it will be possible to publish a summary of the work of this organization, meanwhile the letter which reads as follows will perhaps supply some little encouragement to our own workers:

"I have to acknowledge receipt of your favor of the 4th ult., and also for the parcel of reports, etc., forwarded. As I have the honor to hold the dual position of editor of the Farmers' Advocate and Dominion Secretary of the New Zealand Farmers' Union, your matter has come to the right source.

"At the outset I desire on behalf of our organization to extend fraternal greetings to you and the members of your executive. I have read with very considerable interest your last report and am pleased to see that the farmers of Alberta are alive to the advantages to be gained from Unionism. I notice you are a good deal ahead of us in the prominent position you give to the woman's side of the movement. There is no doubt that this will become a source of great strength to you in the future and must have a powerful influence in bringing Farmers' Unionism into the home.

"We shall be very pleased indeed to keep in touch with you and exchange literature and ideas, and to begin with, I am sending you a parcel containing reports, pamphlets, and copies of our constitution and rules. Our organization is a registered body under an Act of Parliament known as the Incorporated Societies Act, 1908, which gives to our members an assurance that the organization is conducted on lines laid down by legal enactment. This Act only permits the formation of Societies for the benefit of its members but limits their operations by preventing them from trading for gain, so that when we wish to do any trading we have to inaugurate Trading Companies on co-operative lines, registered under the Companies Act.

Trading Companies Inaugurated

"I may say that our Union has been instrumental in inaugurating a large number of companies trading in farmers' requirements, and just recently,

11 of the farmers' co-operative societies of New Zealand have formed a federation by which their chief orders will be pooled and purchases made in various parts of the world. We have also established in several parts of our Dominion, Mutual Fire Insurance Associations legalised by a special act of parliament, and we have by this means been able to save the farmers very large sums in the matter of their insurances.

"We have not yet taken up the question of Agricultural Credits, very largely for the reason that our mercantile and banking institutions in this country have on the whole dealt very liberally with the farming community, but there is no doubt that in many ways there are opportunities for co-operation along these lines.

"Amongst the literature I am sending you is a prospectus and articles of association of a company which we recently formed to erect a Farmers' Institute in Wellington. We hope through this institute to be able to bring all the different organizations working in the farmers' interests together, and ultimately to bring about some kind of federation.

"I am also sending you a few pamphlets respecting the Council of Agriculture and the N. Z. Forestry League, both of which organizations I have also the honor to be secretary. You will see from this fact that some of our organizations work very closely together, and though in some matters there is a little overlapping it shows the friendly spirit that is in operation. The A. and P. Societies which comprise the Council of Agriculture largely confine their work to agricultural shows, but the Council which is the central body has to deal with many other matters.

"In New Zealand we have also a Board of Agriculture, a Government Institution, the members of which are elected by the various agricultural and pastoral associations, and the chairman of that board for the time being is the Dominion president of the N. Z. Farmers' Union.

"I would be glad if you could briefly set out the manner in which your association is constituted. I note you have a number of companies and organizations affiliated through the Canadian Council of Agriculture. I should like a little more information on this point and on the question of legal status. I may say my reason for asking is that we are not altogether satisfied with the Act under which we are incorporated, and we have in contemplation the preparation of a special bill to bring before parliament to improve our status particularly the status of our branches.

"I shall endeavor from time to time to send you information that I think might be of interest to you, and I trust you will reciprocate as you find opportunity.

"E. C. JACK,
"Dominion Secretary."

DIRECTOR BLORE BUSY

Director J. E. Blore, of Craigville, recently took a trip over the Grand Trunk line in his constituency at Bow River. He reports that the local at Elnora turned out in goodly numbers, together with some of the Lakeview members under the leadership of Mr. Donald Cameron, their secretary. At the close of the address, the Elnora members re-organized and started in to work with an enthusiasm which should be the forerunner of a successful local.

The meeting at Huxley, was very good considering the severity of the weather, and organization was completed at this point. The farmers from the Ashcroft and Loyalty district were present at Huxley, and Mr. Nelson, of Loyalty, proved a ready helper. It is hoped that locals at each of these two districts will be organized as a result of the meeting. Arrangements will be made for teams of debaters to exchange visits between these locals which will doubtless result in a better

development of the educational features of the U. F. A. The condition of the hog trade was discussed at some length, and resolutions passed protesting against conditions such as recently existed in the stock yards at Calgary.

At Trochu a good meeting was gotten together under the leadership of Mr. Jas. Ritchie, who is held in great esteem throughout that district, and 25 or 30 farmers were present and all very willingly took up the responsibility of organizing. The Central office has already heard from the local and there seem prospects of great development at Trochu in the near future.

Twining local was also visited, and while the numbers were less than usual, the earnestness of those present was very noticeable. The sincerity and energy of Messrs. G. M. Parke, Barkley and Chatterton would seem to justify an optimistic forecast as to the future of this local.

Mr. Blore wishes to thank all those locals visited for their good will and kindly reception, and trusts that they will keep the wheels of U. F. A.ism well oiled and in harmony with their honest intention.

SHOULD SET HOG PRICES

The following communication has been received from S. S. Sears, secretary-treasurer of Nanton Local: At our meeting last Saturday, the hog situation was brought to our attention by our president, Mr. Hughes, who had a recent conversation with Livestock Commissioner Stevens, and the following resolutions were passed:

"That this meeting go on record as pledging itself to produce all the hogs possible for the duration of the war, together with all other essential food-stuffs which will assist in winning the war.

"Whereas the Government is entreating the farmers to raise more hogs and still more hogs for the production of fats, as well as for pork and bacon, and whereas, we realize the utmost importance of the commands of the government for increased production along these lines, and, whereas in the past, just as soon as the hog has really commenced to put on the big fat (250 lb. hog and over) he is liable to a cut in price;

"Therefore be it resolved, that in order to consistently encourage greater production, the Government should make some arrangement whereby the farmer should at least get a straight price for the heavy hog (250 lbs. or over) rather than suffer a loss as he does at present."

We would like to see other expressions of opinion on the fat hog.

RYLEY LOCAL ACTIVE

Ryley Local has had a successful year from several points of view. The membership increased to about one hundred and twenty. Considerable buying was done on the co-operative plan. These purchases included 24,000 lbs. of twine, 100 barrels of salt, one carlot of apples from Nova Scotia, and several carlots of fence posts. However, the local has not yet taken up seriously the co-operative method of buying. Considerable interest has been evinced in the prospects of organizing a co-operative elevator local.

Mr. Rice Sheppard, of Edmonton, addressed the December meeting of the Local U. F. A. on the subject of Co-operative buying and selling. His address stimulated interest in the elevator proposition. Mr. Sheppard's talk was much appreciated by the members. He had much information to convey which was illuminating and interesting.

The Local organized a picnic excursion to Cooking Lake in July last. The picnic was a success socially, but financially a failure. But the Ryley people are good sports and are going to have another Cooking Lake picnic next summer. The Local will likely send 10 or 12 delegates to the Calgary convention.

On Friday evening, December 14, the combined locals of Ellsworth, Riverton and Dewsbury held a social evening in the Dewsbury school-house. Mr. Rice Sheppard of Edmonton South, was their guest for the evening, and he gave

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