

"SOMETHING THE MATTER" WITH FIRE INSURANCE.

The annual meeting of the Fire Underwriters' Association of the Northwest was held last week in Chicago, and a good deal of interest was evoked in its proceedings, as was to be expected. Not the least interesting feature of the gathering, indeed one of the most important, was a paper by Mr. C. C. Hine, of the New York *Monitor*, under the quaint title: "An effort to ascertain what the matter is." Having been for many years a practical insurance agent, and afterwards an insurance secretary, the author may be said to be acquainted with the business both in theory and practice. Mr. Hine's conclusion is that, as proved by the past, fire insurance is "literally and always a business of zig-zags, and a venture from which fluctuations cannot practically be eliminated."

This statement of fact is proved by figures laboriously collected from returns of New York Insurance Department Reports since 1860. There are three sets of such compilations. First, given a table showing the fire risks in force and the fire losses, and the percentage of loss to amount at risk for each year from 1860 to 1883. A New York paper says in commenting on these tables: "Let the reader, of this paper, if he be a property owner and policyholder, bear in mind just how much he pays for his own insurance—whether 10 cents or 50 cents or 100 cents per \$100 insured—and he will see just what the companies have paid for losses per hundred dollars at risk during all these twenty-four years, and he will soon see whether, in paying out for losses a "zig-zag" annual percentage of from 37 cents per \$100 at risk, as a minimum (according to the kind of property insured), with a final average of 52 cents per \$100 for the entire twenty-four years, the companies have either overcharged him for his insurance or could have made any profit out of his contributions towards distributing indemnity among losers of property by fire."

Not having space this week for all the tables, or even for the twenty-four years' details of the first table, we present its results in the more concise form of a table covering periods of five years each:

Years.	Fire Risks in force.	Fire Losses.	Per-cent.
1860-1864...	\$ 7,813,939,252	\$ 45,485,668	0.58
1865-1869...	15,874,363,793	101,686,313	0.64
1870-1874...	24,226,142,933	151,146,421	0.62
1875-1879...	30,865,460,966	134,361,766	0.44
1880-1883...	33,027,770,235	150,060,128	0.45
	\$111,807,677,179	\$562,740,296	0.52

Showing the fluctuations in losses compared to risks of nearly a quarter century of fire underwriting, as regards the special features covered by these official statistics. A second table shows what has been the record of the same twenty-four years in the United States, as respects premiums received, losses paid, and the ratio of such losses to the premiums. The losses ran from \$61 per \$100 in 1860, to \$44 in 1888, from that to \$85.87 in 1871, down to \$42 in 1874, and up to \$59 and \$60 in the two years last past. Condensing the figures into five-year periods, the exhibit is as follows:—

Fire premiums, fire losses, and the per-

centage of loss to premium for periods of five years.

Years.	Fire premiums.	Fire losses.	Per-cent.
1860-1864....	\$ 79,813,745	\$ 45,485,668	56.99
1865-1869....	171,098,005	101,686,313	59.43
1870-1874....	242,041,264	151,146,421	62.45
1875-1879....	258,945,589	134,361,766	51.89
1880-1883....	258,216,513	150,060,128	58.10

Total.... \$1,010,115,116 \$582,740,296 57.69

A very valuable table is that which shows the amount of fire risks written, the premiums charged thereon, and the rate per \$100 of risk. This last, of course, is subject not alone to the contingency of normal loss, but also to the risk of extraordinary conflagrations, and the inevitable cost of obtaining and supervising business. This item is said to be equal to something like 50 per cent. of the normal loss ratio of the business of fire underwriting.

The average rate for twenty-four years is shown to be 91 cents per \$100. At one time (1865) it had got as low as 65 cents, which was clearly too low, and by 1873 had reached \$1 10. After running down to 85 cents in the year 1880, it has come up again to 97 cents in 1883. Taken in periods of five years each, these figures show the result appended:—

Years.	Fire risks written.	Premiums charged.	Rate.
1860-1864..	\$10,194,180,871	\$ 79,813,745	0.78
1865-1869..	19,832,993,889	171,098,005	0.86
1870-1874..	26,017,433,044	261,713,186	1.01
1875-1879..	31,473,999,324	289,232,917	0.92
1880-1883..	33,071,319,089	300,692,908	0.91

\$120,589,926 111 \$1,102,550,761 0.91

The lessons to be drawn from the paper are well stated by the New York *Bulletin*. "The answer to Hine's conundrum," says that journal, "would seem to be that something must be done in the two-fold direction of diminishing the expense account and controlling the loss-ratio. The last is for the public, or rather the average property owner, to attend to, and the sooner he does it the better for himself. The matter of reducing the expense account, so far as may be within reason and safety (but so as to admit of careful inspection of risks), is for managers to study."

CANAL TOLLS REDUCTION.

The effect of the reduction of the canal tolls and other charges in connection with the shipping of the port of Montreal will be looked for with interest. The Montreal Harbor Commission publishes the returns of navigation at that port to the 1st September, and we are sorry to see that there is a decline in the tonnage from the sea, and presumably in that of the inland vessels, as compared with the corresponding period of last year. The tonnage of the sea-going vessels was 372,334, against 402,226 tons last year, and the sailing vessels declined in tonnage from 438,619 to 417,647 tons. The tonnage of the inland vessels is not given; but the number of vessels was this year 3,016, against 3,420 last year, which, unless the vessels have grown larger this year, a not improbable contingency, shows a decrease. But it must be remembered, in view of the short harvest of last year, that there was less to carry; and it is probable that, if the tolls and charges had not been reduced, the decline would have been still greater.

The Montreal harbor dues on grain were suspended, less a nominal charge, of 7½ cents a ton, till September, since which date they have again taken effect. In defending the revival of the harbor dues, Mr. Andrew Robertson, Chairman of the Harbor Commission, said at a recent meeting: "As Chairman of Finance, I have to see that the revenue is kept up, and that our interests are not injured by any charges made." This is precisely the plea which every Minister of Finance is, from time to time, obliged to make, when proposals that would lessen the revenue are offered. The public understood that the all-round reduction was the result of a bargain; and now one party to the tripartite agreement, under stress of necessity, is obliged to resume the old charges. But the Harbor Commission is not its own master. It could not remove the dues without the authority of the Government, even if it could dispense with the revenue. Three years ago the harbour charges were largely reduced, and they are now lower than those of either Glasgow or New York. If Montreal is a port *in transitu* so, in the same sense, is New York; and a burthen that would be felt on the trade of Montreal would be felt on that of New York.

The reason for fixing the 1st September as the date for the revival of the harbor dues was that the new harvest would then begin to move and the shipping business would have a chance to revive. But the conditions of the competition would be the same; if it required this reduction to enable the St. Lawrence to compete with the Erie Canal, in the spring, it will require its continuance now. But, it seems, the reduction cannot be continued, the revenue necessities of the Harbor Commission standing in the way. At the end of the year, we shall know more about the experiment of a reduction of tolls; but even then the result may not be decisive, one way or the other. It is interesting to observe that, as shown elsewhere in this issue, the abolition of tolls on the Erie Canal has not prevented a decline in its traffic.

TAXING COMMERCIAL TRAVELLERS.

It is surprising that some States of the American Union have been allowed to put a tax on commercial travellers. But it seems, according to the New York *Shipping List*, that Congress is likely to be asked to put a stop to the practice:—

"The odious tax exacted from commercial travellers in some of the States of the Union is, we understand, again to receive the attention of the Board of Trade and Transportation of this city, and there is no doubt that Congress will be asked by that and other business organizations to deal with the whole subject at the next session. The impost is undoubtedly illegal, and contrary to the spirit of the Federal Constitution. Article I, Section 8, devolves upon Congress the power to "regulate commerce with foreign nations, and among the States." This plainly means that no State shall take upon itself to "regulate" or to dictate to another State, or to its commercial representatives the particular conditions upon which they shall be permitted to do business within its geographical area. Neither does it justify any State in adopting the suicidal