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COMMISSION'S CONCLUSIONS

Tuesday, August 23, 1910

Findings of Board Appointed by Provincial Government t Enquire Into Fire Insurance Matters

URGE FORMATION OF INSURANCE DEPARTMENT

Prohibition of Unlicensed Companies Operating in Province Save Where Special License Is Obtained by Insurer

The Fire Insurance Commission, consisting of Mesers. R. S. Lennie, chairman; D. H. Macdowall, and A. B. Ergkine—which was appointed on the 4th of February last, under that chapter of the Provincial Statutes respecting enquiries concerning public matters—yesterday presented to His Honor the Lieutenant-Governor their finding and report, attached to which was a voluminous mass of evidence received by the Commission during the sittings held in this city, Vancouver and Nelson.

The specific purpose of this Commission was to make enquiry generally into the business of fire insurance as carried on in British Columbia, including the placing of insurance by persons in this province with companies or associations in the United States and other jurisdictions; and the Commission was environed and different commission was environed. States and other jurisdictions; and the Commission was empowered and directed to report in writing upon the results of its investigations, more especially as to the advisability and best methods of Government supervision of the operations and financial standing of all companies or associations carrying on the business of fire insurance in this province, and as to compelling them to obtain licenses from the province authorizing the transactions of such business, and to furnish adequate security to British Columbia policy holders that all valid claims they may have against such companies or associations will be promptly paid.

At the outset of the Commissions sittings counsel for the fire insurance companies explained the provisions of a proposed bill entitled the "British Columbia Fire Insurance Act," where-upon those objecting to the provisions of the bill immediately. Columbia Fire Insurance Act," whereupon those objecting to the provisions
of this bill immediately proceeded to
give evidence against the wisdom of
such a measure becoming law, chiefly
on the ground that it would prohibit
the placing of insurance with unlicensed companies as well as Mutuals
and Lloyds. The important provisions
of this proposed bill, applicable to all
companies or associations of underwriters except those licensed by the
Parliament of Canada, are as follows:

Important Provisions A prohibition to undertake or so

1. A prohibition to undertake or solicit, or agree or offer to undertake any contract of fire insurance by any company without first obtaining a license under the provisions of the Act and filing documents set forth, including the appointment of an attorney.

2. To deposit either in cash or in stock debentures or other securities in which trustees may invest trust money, the sum of \$30,000 to provide for the re-insurance of all risks outstanding in the province in case of confiagration, depreciating the assets of the company licensed occurring elsewhere, and providing for the administration of such securities by the Minister upon the company's failure to pay any unitiesputed claim upon application to the courts. 3. The filing of annual statements of

3. The filing of annual statements of the financial standing of the company and providing for the cancellation of the license issued by the Minister (subject to an appeal to the Lieutenant of Governor in Council) is case he is dissatisfied with the financial ability of the company to pay its losses.

4. Permission to the insurer to obtain insurance outside the province when sufficient insurance cannot be obtained from companies licensed under the Act, upon payment of a tax equal to one per cent. of the premium paid on such insurance.

5. The appointment of an officer to the called "the Inspector of Insurance." to examine and report to the Minister upon all matters connected with insurance as carried on by the companies licensed or required to be licensed under the Act for the purpose of de-

s licensed or required to be licensed nder the Act for the purpose of de-runining whether any of the compan-is licenses should be suspended or cancelled and the payment by such licensed companies towards defraying the expenses of such office of a sum not exceeding three thousand dollars annually.

6. The repeal of the provisions of the Companies' Act relating to fire in-It was also suggested that the bill It was also suggested that the bill should provide for the appointment of a Fire Marshal, who should have power to investigate fire losses and make suggestions relating to the improvement of fire hazards and that municipal taxation of insurance companies should be abolished.

Problems Raised Early in the sessions of the com mission the question arose as to the cright of the province to legislate concerning the business of fire insurance, but the commissioners announce ed their view that this subject was not one upon which they were by the terms of the commission required to enquire into or report upon. It was to suggested by the opponents of the proposed bill that its provisions if enacted would create a monopoly in the fire insurance business in the province, and lead to an increase in rates, and so restrict the public as to largely increase the cost of conducting com cial enterprises. In this connec-the Underwriters' Association

we vigorously attacked respecting its methods concerning the fixing and application of its rates, and it was suggested that the commission should inquire into the legality of this socialled combination; but as this was applicable with the commission should be a social complete the commission of the commission with the commis obviously without the scope of the commission, the commissioners de-clined to enter upon such an enquiry. It was substantially agreed by all the witnesses that such associations were essential to the proper conduct of the fire insurance business. One of the witnesses, John Yeaden Ormsby, an independent insurance broker and Sunderwriter of Toronto, who impress-tra