

they find the price uniform among all of the companies and agents, and no longer essay to have it reduced; and when the system is understood its equity, as between insurers and insureds, is recognized by all fair-minded merchants, manufacturers and others.

At the time the system was introduced the Union companies did not feel themselves strong enough to enter upon a direct contest with the non-Union offices, held by agents having also Union companies, especially in the matter of commissions; the Union paying not to exceed 15 per cent., while the non-Union paid anywhere from 15 to 40 per cent. for business, thus presenting the anomaly of an agent working for opposing principals paying different rates of compensation for the same business; the result of which could not but be that those who paid the best got the best for their money, as in any other business. But lately there has come a change: the Union companies, holding that 15 per cent. commission for business was a fair and equitable compensation, where they not only furnished all of the capital but ran all risks and paid all of the losses, and now feeling themselves sufficiently strong and well-entrenched to enter into a direct contest for the reduction of competition between Union and non-Union companies to a legitimate and equal basis, have given to all agents holding both classes of companies, the option of surrendering *all* companies paying commissions in excess of 15 per cent., or giving up the Union offices, and some Unions have gone so far as to demand a complete separation of Union and non-Union agencies.

As among the Union offices, the English, the German and the larger American companies are to be found, leaving but a limited line of good companies outside of the charmed circle, this action places the majority of the agents in a quandary; they cannot afford to let the Unions go, yet they dislike to give up the extra commission; but the fiat has gone forth, and all agents must decide in which army they will train. So far as we can learn, the better class of agents, recognizing the fairness of the transaction, and that these Union offices had a clear right to defend themselves against unfair competition of other companies paying higher rates of commission, have accepted the situation, and the prospects are that, beyond the complaints of the few "disgruntled" agents who find themselves likely to be left out in the cold by this new and effectual move, the Union and the compact system will continue to flourish and produce results that cannot but be beneficial to the business throughout the States. The sooner that our Dominion Underwriters commence to play the game of "follow my leader" the better it will be for them, and the coming session of the underwriters association will offer a fit opportunity to put the ball in motion.

One by one the roses fall—and so do the insurance companies. But we notice that those companies that do fall and fail and fizzle out are those whose managers took no pains to inform the public that they were alive—and whose deaths were the first intimation to most persons that they had ever lived. Companies that are so terribly and meanly modest must die. There is no help for them.—*The Insurance Age.*

THE SAVING CLAUSES.

It is possible we may be considered presumptuous in attempting to point out to an association, evidently so gifted and replete with talent as is that of the Canadian Fire Underwriters, wherein the only path to salvation lies. Nevertheless, even at this awful risk, we venture to lift our voice and try to answer the unsolved query, "What shall we do to be saved?"

It is a common error too often practised to commend those who "make a virtue of necessity," and it may be that we ourselves, have at times, fallen into this mistake, and have metaphorically, patted the Fire Insurance Companies on the back for forming an association to place their business on a more satisfactory basis than heretofore; or, in other words, we have praised the offices for simply doing what the exigency of the times forced them to do. Let the praise pass; if the companies feel themselves entitled to any credit they are welcome to it; but now that the association is "ipso facto" accomplished we may exclaim with Cicero "*Quales sunt summum civitatis viri talis est civitas*" (the character of the community depends upon that of its rulers), and we confess that we look with much anxiety towards the future of an association which, so far as we can discover, appears to stake its existence simply and solely upon the fixing of rates, as though this was all that was required to form good underwriting. If we are correct, we have no hesitation in predicting "a short life," but it may by no means be "a merry one" to an insurance combination built upon such a false foundation.

We have heard a good deal lately of "over" as well as "under" insurance, and, as our old friend Sir Roger de Coverly remarks "much may be said upon both sides." While we confidently maintain that what has demoralized fire insurance in Canada more than anything else has been the neglect of two saving clauses, namely, the three-quarter value clause in the country towns, and the co-insurance or average clause in the large cities. Without wishing to be profane we may say. "on these two hang all the laws and the profits" (let the truth excuse the pun), although we believe there are some in our insurance community who are positively ignorant of the difference between the above two clauses! For such we may briefly explain that the three-fourths value clause is a check against *over* insurance by causing the insured (in case of loss, whether partial or total) to bear one-fourth of said loss himself, thus forming one great safeguard against wilful fires in small towns. The co-insurance or average clause, on the other hand, checks under insurance, so prevalent in large cities, where the insured is very apt to cut down his insurance to much below the value of the property covered, trusting to the protection the city affords never to lose over the amount of his policies.

The first clause is one method towards dealing with the conflagration hazard, necessarily accompanying fire underwriting in country towns and villages; and the second is the only way of making property owners in the cities pay an adequate rate on their risks. Regarding our smaller towns the rate on a dry goods stock (for example) may be of itself,