

mend another because it has spent only ten or twelve per cent., not unfrequently shows hazy powers of observation. An old company with a large amount of assurance on its books paying renewal premiums at a small cost for collection, and seeking only a small amount of new assurance, ought to show a moderate management expense; while a company with much less old business, and pushing vigorously for new, ought to and does show a much higher expense ratio, because getting new business necessarily and *legitimately* is expensive. A company which does a large new business with an expense ratio of 25 per cent. may be a better company in every way for the policy-holder than a do-nothing company which boasts of its economy. It is a sound rule of business that you must spend money in order to get money, and life assurance is no exception to the rule. For example, the London Life writes about 200 policies a year and spends about *four per cent.* of its premiums for expenses. The Gresham writes nearly 6,000 policies, representing nearly \$10,000,000 of assurance, and pays about 23 per cent. of its premiums for expenses. Does that prove the former to be a better company than the latter? The answer is obvious and illustrates our point.

BETWEEN THE THEORY and the practice of guarding against moral hazard in fire insurance there is unfortunately a wide gap, into which falls annually as a dead loss a good many thousand dollars of good insurance money. Managers and underwriters generally readily agree that the *man* who is insured is quite as important a consideration as the property covered; but somehow, in the urgency of competition, the former is frequently ignored by the agent, who is more intent on booking another risk, with a good premium attachment, than in meddling with the moral hazard, which really may be the chief one in the case. A risk may look exceedingly well in the report, and really be a prime one as to physical hazard, and yet be about as desirable for the company as a powder mill. We do not underrate the difficulty on the part of the companies of getting an honest and discriminating report from their agents as to the man insured as well as the property, but it is evident that the situation might be greatly improved by giving more positive instructions, accompanied by an iron-clad insistence that they be obeyed to the letter. A little more heroic treatment of the moral hazard question would be timely.

THE LONDON COUNTY COUNCIL, which by some inscrutable dispensation of providence is charged with the control of the London fire brigade, has again succeeded in making itself ridiculous, according to the *Insurance Observer*. It seems that the Secretary of War recently requested that an officer of the fire brigade be allowed to examine the arrangements of the War Office and make suggestions as to the use of fire-extinguishing appliances, whereupon the fire brigade committee of the Council debated the question pro and con like a lot of school-boys, and finally at the end of a wordy explanatory declaration, formally drawn up,

recommended that the request be granted, first, however, making the precautionary statement, that "We do not consider it advisable, as a general rule, to allow officers of the brigade to advise on the methods of protecting from fire public or private buildings." In most highly civilized communities which think it worth while to maintain a fire brigade, the imparting by the officers of such knowledge as they have of the best "methods of protecting from fire public and private buildings" is thought to be a rather good thing to do! Perhaps the wise committee referred to object on constitutional grounds to having fires extinguished excepting by the official hose, in the "regulation" manner, duly prescribed.

NOT MANY WEEKS ago we noted the conferences held by representatives of the National Board of Fire Underwriters, American Institute of Architects, Iron Manufacturers' Architectural Association, New York Builders' Association, and other kindred organizations, to devise a code of building laws for New York city. We are now able to record the important and welcome fact that the recommendations referred to have been embodied in a building code which has just gone into force. Absolutely fire-proof construction is required for theaters, hotels, asylums and schools exceeding 35 feet in height, and for all other buildings of 85 feet or more. Elevators in buildings not now fire-proof must within six months be enclosed in fire-proof shafts. The weights which all the floors of warehouses, factories, workshops and similar buildings will safely bear has to be tested, and the owners or occupants are required within 90 days to make a sworn statement of the results of the test. A department of buildings is established, with a superintendent at its head, as also a fire-alarm bureau having supervision of all alarm apparatus and of the electric wires in the city. The law seems to be a very good one, and if faithfully executed ought to result in a great saving of property and life.

IN HIS ANNUAL report, Insurance Commissioner Merrill of Massachusetts refers to the law enacted by that State in 1889, making provision for the registry of all fires by the town or city clerks, the record to designate whether the fires were through carelessness or design, according to the verdict of the fire engineers in towns having a fire department and of the select men elsewhere. The law further provides that an inquest shall be held in any case where the examination above referred to indicates that the fire was caused by design. Commenting on this, the Commissioner says: "As 303 fires were reported 'supposed incendiary,' and less than 40 inquests were reported as being held, it is a fair presumption that in the great majority of the fires thus reported, inquests as required were never held." Doubtless Commissioner Merrill is justified in the expression of a decided disbelief in the happening of so many as 303 really incendiary fires; but reducing the number to one-half the total reported, the fact remains that only about one such fire in four was made the subject of such inquest as the law requires, which shows that it is not