

duced the Fire Offices generally to compete and fostered the system of the departmental store in insurance. Rates were cleverly calculated on lines designed to teach the free lance the lesson that outside the Tariff there is no life. The lesson has been taught; but it has had a wider application than was designed, for inside the Tariff there has been no gain except to the employer and the workman. The side lines of insurance have been stimulated and expanded to the pitch of over-production and narrow margins. The public has had a liberal education in the art of comparing benefits and making claims, the *ex gratia* payment to retain a valuable connection is becoming constantly more frequent, while the injured workman and his lawyer, with marked ingenuity, have developed the arts of malingering and of expanding costs. The business of miscellaneous casualty insurance is in a fair way to yield no return beyond a banker's profit from the temporary employment of other people's money and is overshadowed with the constant menace that the narrow underwriting margin will change from a positive to a negative quantity.

Considerations such as the foregoing cause the future to be regarded with misgiving. There seems to be no finality in the cost of workmen's insurance and there have been indications that when rates are raised the increase takes account only of past conditions, without providing for the constant factor of deterioration. Hence the companies seem always to sink money in the acquirement of experience by which they are unable to profit.

COST OF CLAIMS.

The average cost of claims shows the usual tendency to increase:—

TARIFF COMPANIES.

	Fatal.			Settled.			Non-fatal.		
	£	s.	d.	£	s.	d.	£	s.	d.
1911	101	2	0	3	15	9			
1910	95	17	8	3	15	6			

	Paid and Reserved.			Unsettled.			Non-fatal.		
	£	s.	d.	£	s.	d.	£	s.	d.
1911	105	18	11	29	5	5			
1910	94	5	11	26	9	5			

NON-TARIFF COMPANIES.

	Fatal.			Settled.			Non-fatal.		
	£	s.	d.	£	s.	d.	£	s.	d.
1911	112	9	4	3	15	3			
1910	79	11	6	2	11	0			

	Paid and Reserved.			Unsettled.			Non-fatal.		
	£	s.	d.	£	s.	d.	£	s.	d.
1911	125	11	10	16	8	5			
1910	63	18	8	14	7	0			

The difficulty of assessing the ultimate cost of claims remaining long unsettled is evidenced by the experience of the Tariff Offices. The subsequent payments and present estimates for claims still unsettled have already exceeded the original estimates for those which arose in 1906 by 32.86 p.c., 1907 by 24.49 p.c., 1908 by 33.00 p.c., 1909 by 20.50 p.c., and 1910 by 3.96 p.c., throwing a cumulative burden on the trading of successive years, obscuring the real experience of the business and contributing to the postponement of reform in the matter of Tariff rates.

Similarly, a selection of Non-Tariff Offices shows the following experience in regard to reserves for claims outstanding at the end of 1910:—

Reserve, 1910	£106,231
Paid, 1911	£116,130
Reserve, 1911	32,823
	148,953

Deficit £42,722, or 40.22 per cent.

These results have been attained with the aid of a Tariff Association well supported. What would happen in a rate war gives food for serious reflection.

BRITISH COLUMBIA'S FIRE INSURANCE DEPARTMENT.

The work of the fire insurance department of the British Columbia Government is discussed in a Victoria journal. The practical labors of the department, it is said, may be divided into two branches, the first having to do with the admission and regulation of fire insurance companies transacting business in the province, and the second with the investigation of all fires of suspicious character. Under the Act which Colonel Gunther, as superintendent of insurance, administers, every insurance company operating in British Columbia is required to file with him at annual intervals certified copies of a statement showing its exact financial condition at the time of the preparation of its last balance sheet, which statement is duly examined and audited by the department, the company being required to show conclusively that it is in a position to meet its liabilities to policyholders and the public.

Since the department has been organized there have been twenty-eight companies not previously doing business in this province, authorised, making a total of 104 now so authorized for the transaction of business in the province, while five have been rejected or refused license, after investigation of their stability and condition.

With respect to the investigation of fires, authority to order enquiry into the origin of suspicious fires has during past years existed under the Fire Inquiries Act. This statute was, however, most infrequently invoked, and up to the establishment of the insurance department had been virtually a dead letter. No provincial officer was under it provided to institute necessary investigations, the Act merely empowering magistrates or justices to order public inquiry in fire matters if deemed desirable in the public interest.

Colonel Gunther, since his incumbency as superintendent of insurance, has investigated upwards of a score of suspicious fires, the knowledge by the public that a close watch is kept upon all fires being found an excellent deterrent of incendiarism. These investigations are gradually increasing in number, and the insurance companies and the public derive augmented protection as against unscrupulous and criminal insurers, because of the common knowledge that every suggestion of an arson will be probed to the uttermost.

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