

ready means to the attainment of the end. So we find now various forms of professedly cheap insurance in all communities side by side with the regulation kind; and though some of these forms may be delusive, the confidence and avidity with which they are accepted by large numbers only goes to prove the vigorous growth of the insurance idea. Whether stable and sound industrial insurance or unstable and questionable assessment insurance be considered, both bear testimony alike to that growth. Fire insurance has likewise become universal in all intelligent communities, and house-owner, shopkeeper, manufacturer, and whoever handles perishable property of any kind, all provide as systematically nowadays for insurance indemnity from fire loss as they do for heat and light. The business has become one of the chief factors in commerce, and a mercantile or manufacturing establishment ignoring insurance protection to-day confessedly narrows down his credit to a painful minimum. It is recognized in financial circles as a sheet anchor to the craft launched on the sea of commerce, and he would be a bold man who would put to sea without it.

But it is the application of insurance to a variety of business interests until recently unthought of in connection with such protection that demonstrates most strikingly, perhaps, the growth of the insurance idea. A wide range of business interests now turns as confidently to this form of protection as to either fire, life or accident insurance, and its commercial aspect is thus enlarged. Land title, guarantee of employee's fidelity, liability of employers, plate glass, salary guarantee, burglary, live stock, and even corporation bond guarantee are one and all now covered by some form of insurance, while the principle is also applied to many specialties of lesser note. Thus moving mainly on two lines—one simply seeking protection for dependents in case of death, and the other indemnity in case of property loss of many kinds—the insurance idea has become a part of our modern social and commercial fabric. Its still wider range and better application may, we think, be confidently looked for in the future.

CLASSIFICATION OF FIRE HAZARDS.

We have more than once expressed the opinion that the classification of fire hazards, based on the experience of the leading companies extended over a wide area and for a considerable period of time, would be of decided benefit to the business and aid materially in intelligent and equitable rating. By whom such classification should be made and the use made of the information thus formulated is, however, quite another question. The *Spectator* has advocated that compulsory reports be made by the various companies to the insurance department of the State, giving their experiences on the various hazards from time to time, to be classified and given to the public like other information pertaining to fire underwriting. We would not care to go to that extent, because we believe it unnecessary, and that so far as the public is concerned the information already required by the State pertaining to fire insurance is quite sufficient, at least in the United

States and Canada. So far, we are in accord with the *Weekly Underwriter*, which we think gives good reasons against the compulsory classification proposition. If, however, the following is intended to controvert the idea of classification by the companies themselves for their own use and guidance, we submit that the objections urged furnish excellent reasons for the classification. The *Underwriter* says:—

One of the benefits supposed to be derived from classification is that it would enable the public to understand the cost of insurance upon the different hazards, so as to form an intelligent judgment as to the fairness with which it is being treated by underwriters. Anyone who has studied the statistics of fire insurance will know now utterly inadequate for this purpose a classification which should embrace any considerable portion of the country would be. To say nothing of the constantly changing character of our business life and of the corresponding changes in exposure to fire, there is no uniformity of loss on the same character of risks in different places. Any underwriter knows that in one place he can write on a class of risks which in another place he would not touch, and that the rate which in one place will be adequate will prove in another entirely inadequate. He knows, too, that the experience of companies upon the same class is entirely different. One company will make money on a class which returns for another company only loss.

If simply objecting to the information here referred to, on the ground that the public cannot thereby judge intelligently with reference to the proper rate for a particular hazard, we concede that the above remarks are sound. We assume, however, that our contemporary does not object to a comprehensive classification by the companies themselves, deduced from a wide common experience and to be used exclusively by themselves in rate making. The very fact that a company may write profitably one class of risks in a given locality which in another locality would entail a loss, and that the recurring changes of business life affect the same hazard at different times, makes it all the more desirable that the average hazard for the whole field and for a considerable period be ascertained if schedule board rating is to be maintained on a proper basis. Uniformity in rates as to specified hazards requires that the experiences of the several companies be known with reference to those hazards and the average experience used as the basis of the average rate. We need not remind underwriters that the principle of average is fundamental to fire insurance, and if applicable to the practices of the individual company is equally applicable to the experience of a community of companies, all adopting the same rate for a given hazard. While of a few of the largest and oldest companies it may be true that a classification based upon their own large experiences may be a tolerably good guide for rating if they were to fix rates for themselves alone, it is to be remembered that the entire community of companies may have an average experience somewhat different, and it is this larger experience over the entire field that ought manifestly to govern. Combined experience, if the best attainable results are to be secured, should, we think, govern combined action on the rate question. This, however, should be a matter for boards of underwriters to handle and not for the State authorities.