

Two new open-hearth furnaces are now nearing completion, and it is intended to put in a plant for the manufacture of structural steel, and to extend the Algoma Central Railway so as to intersect the main lines of the Canadian Pacific and the Grand Trunk Pacific railway systems, which will give these lines access to the Great Lakes and excellent harbours, more especially that known as the Michipicoten.

SALVAGE A FACTOR IN FIRE INSURANCE RATES.

The ordinary public are not perhaps fully aware or do not stop to consider, the effect that salvage from fires has in fixing rates. They will argue correctly that the insurance policy is liable for its full amount unless there is fraud or overvaluation, but if nearly every fire were to cause a total loss rates upon the majority of risks would have to be multiplied five or six times. There are a few extra hazardous risks from which the insurance companies look for little or no salvage, such for example, as a frame planing mill, with its boiler inside, and having no sort of protection; the rates on which are consequently very high; it being merely a question, how long risks of that class will last on the average without having a fire. We, however, know that there are a large number of risks in which fires are extinguished without much damage, and the small fires are much more numerous than those which bring about a total or nearly a total loss. Thus salvage has to come into the calculation of rates, and this salvage is not always dependent upon the physical hazard of the risk (as we will show presently), so that the rate is fixed upon scientific principles taking into due consideration underwriting experience.

There is a greater chance of salvage on certain classes of merchandise than upon others, on a wholesale stock of dry goods, for instance, than on a retail stock, although the latter may be in a better building than the former, and we have known a fire rage for several hours in a warehouse filled with machine pressed bales of raw cotton, when afterwards on those bales being opened the amount of salvage was as much as forty per cent.

We will now take two classes of risks widely different, both in their nature and the effect produced upon them by fire. We mean cigar factories and unexposed lumber yards.

The physical hazard of a cigar factory is small and the stock is not very inflammable, yet it is well known that a fire lasting but a short time, so completely destroyed the market value of the stock by smoke alone, as to render any salvage trifling or nil, so that in spite of the non-hazardous nature of the risk, the rate charged appears to be high.

On the other hand with lumber yards not endangered by mill, bush, railways, or steamers, the hazard of starting a fire is not great, and unlike the previous example smoke or even water does no material injury to the stock. But, also unlike the cigar factory, lumber is so inflammable that when a fire once starts, it is so extremely difficult to stop its ravages, that the result is invariably a total loss.

The two entirely opposite classes of risks above mentioned each with no inherent physical fire hazard about it, show how salvage must necessarily be a large factor in arriving at the rate to be charged. In the one case the stock is not combustible, but is easily damaged, which is exactly reversed in the other, and with identical results, so far as the loss is concerned.

There will always be exception to every rule, but the public will find that improving their buildings and protection against fire and thus reducing the damage and increasing the salvage, is the natural way to bring about lower rates of insurance.

BETTER BUILDING LAWS.

On Wednesday, Mr. C. G. Smith, secretary of the German-American Insurance Company of New York, read a paper before the International Association of Fire Engineers at Dallas, Texas. The Association had requested the National Board of Fire Underwriters to prepare a paper on the following topic: "In order to lessen the enormous fire waste in this country is it not advisable for this Association to take radical steps for better building laws?" The task was entrusted to Mr. C. G. Smith and the topic suggested was the subject of his most interesting discourse on Wednesday.

Mr. Smith argued that the most effective remedy to lessen the fire waste, is prevention, or the elimination of causes through the enactment and enforcement of a good building code in every city. Buildings erected under old laws have to stand as evidence of past mistakes, because no law is retroactive. When a building is to be erected the height of which will exceed the limit of the fire department's ability to cope with a fire in it, the whole community has a direct interest in demanding that it shall be so built that it will neither burn nor be blown over by a gale. On the other hand the humblest building is rightfully a subject of public solicitation. As Mr. Smith reminded his audience it was in a frame building, that a kick from a cow overturned a lamp and caused the great Chicago fire. A building code should leave the citizen as free as is consistent with safety, to select materials and appliances suitable to his purpose, but, argued the lecturer, the interests or supposed interests of individuals should always yield to the public good. It is a mistake to assume that pay-