

Rating According to Area.

Every tariff has its inconsistencies and inequalities, and they may be hard to remedy. Many of them have been removed since the time in which Mr. Wilson's excellent paper dealing with the question of fire insurance rates appeared, but we cannot help thinking that some offices might profit by the following wholesome truth:—"Large and small warehouses not only are rated alike, but many companies seem to have a preference for the former, although a heavier loss in proportion to the value is not only more probable in case of fire, but naturally disturbs the average upon that class of risk." The paper favors rating according to area, and gives evidence of the value a tariff association is to the business of fire insurance.

The combined experience of the officers is to their advantage, yet the public receive an indirect benefit, seeing that if fire insurance is allowed to become unprofitable, a large amount of the security for which the insured pays will be swept away, and, to some extent at least, indemnity will be such in name only.

Fire Insurance Rates.

Although fire insurance is undoubtedly a branch of commerce, yet the rules which regulate commercial transactions generally cannot be applied with the same certainty to the business of fire underwriting, for the simple reason that there is an "unknown quantity" connected with the results of the latter, which underwriters so far have only been able to roughly estimate. In 1891, Mr. I. H. Wilson, then rating secretary of the Insurance Association of Manchester, England, in an address to underwriters, seems to have thought it strange that after an experience of over two hundred years, the "unknown quantity" still remained. He must have forgotten that the condition of nearly everything in regard to fire insurance has undergone so many complete changes during the period named by him, that an underwriter of even fifty years ago would find himself quite astray in his calculations if he attempted to conduct his business in 1900 according to what he had been accustomed in 1850. In fire insurance as in nearly all the pursuits of business, there must be conformity with the modern way of doing things.

In the same paper, Mr. Wilson pointed out that, in spite of the progress made in respect to city fire protection, and improvement in the construction of buildings, the most uncertain factor in fire underwriting, and therefore the most difficult to deal with, is what we call the conflagration hazard. Its uncertainty still remains as the greatest menace to the welfare of companies, so that it is mere chance whether a company loses \$1,000 or \$100,000. It is comparatively easy to rate a particular risk upon its merits, according to its construction, occupancy, area and immediate exposure, but this may be all upset by a conflagration. Hence the absolute necessity for add-

ing a good percentage to the premium, to enable the companies to provide a reserve fund over and above what is merely sufficient to cover the liability of outstanding risks, because in that liability the conflagration hazard is not really taken into consideration at all.

Words of Warning.

We have heard no complaint from the companies of the inability of the firemen of Hull to prevent the spread of the flames. On the contrary, there is even reason to congratulate Chief Benoit and the men of his brigade upon their splendid although useless efforts. It seems from his statement that when the appalling character of the fire became manifest, "every householder turned on his private hydrant in an endeavor to save his house, and the water gave out." Yet, even if, as Chief Benoit and his plucky fire-fighters say, a "million streams" could not have stopped the fire at Hull, there is always something to be gained by thorough investigation, and we hope one will be made in this instance. Already some of the members of the Senate at Ottawa have been heard from. They say that protests had been lodged again and again against the practice of piling lumber so near the city of Ottawa, and the Hon. Mr. Drummond has pointed to the "eternal menace" of such a condition of things, and to the danger arising from the building of wooden houses roofed with shingles in thickly populated cities. How long immunity from loss will silence any outcry against the inadequacy of the protection against fire was shown eight years ago in the official report on the St. John's fire submitted by Judge Prowse to the Newfoundland Government. He stated that when the firemen arrived there was no water; that the brigade was a "half-starved, ill-managed, rotten institution, entirely destitute of discipline and proper organization, and practically useless." The people of St. John's, Newfoundland, could have ascertained these facts before the destruction of their city.

Now, although there is no complaint against the brave firemen of Ottawa, Hull and Montreal, we are being warned against the danger of piling lumber near to or in the heart of towns, and to the risk of spreading conflagrations by the use of wooden shingles in the congested districts of cities. If, in addition to these known causes for well-founded apprehension, there are any municipalities in the Dominion where the fire department is known to be inadequate to cope with a large fire, let us hope that the Hull disaster, to whatever cause it may be traceable, will lead to an entire reorganization on a basis of efficiency.

Where a growing town or city is found to have relatively less protection from fire than it had ten years ago, underwriters would do well to give more serious consideration to the conflagration hazard involved.