

not by local scientists only, but visitors from the States? Would not some attractive element be introduced by a few high class entertainments to which each member would have the privilege, for a small fee, of introducing a friend? How can a syllabus of lectures and papers be arranged of equal interest to the members severally engaged in the "life" and the "fire" business? Is there not a most valuable work capable of being done by such an Institute regardless of strictly educational efforts? Is it not an enterprise worthy of the most liberal support of the companies to provide the younger members of the staff with opportunities for passing, at least, some portion of their after-supper leisure where their moral habits and physical health will be protected from vicious influences? These are questions we would, with all deference, submit for the thoughtful consideration and investigation of the Governing Council of the Insurance Institute. Such institutions must be alive with growth, with expansion, with an earnest spirit of adaptability to manifest conditions, or there will be gradually developed such apathy amongst the members as will act as creeping paralysis. Grow or die is Nature's law. From any adverse fate we are confident the Montreal Insurance Institute will be saved by the characteristic vim and broad, genial views of the new president, whose colleagues will give him loyal support.

THE ECONOMIC FUNCTIONS OF INSURANCE.

In addressing the Fire Underwriters' Association at Chicago last week, Mr. John H. Washburn, president of the Home Insurance Company, delivered a very thoughtful address, to which he gave the title "The Underwriters' Problem," in which occurred the following passages:—

One of the greatest difficulties of the modern underwriter is the misconception of the nature and function of fire insurance. Some conceive it to be a mere gamble, where the underwriter makes a bet with his customer that certain property will not burn. If it burns he loses, if not he wins. This would be true if the insured could secure a policy on property which he did not own, or in which he had no interest; and thus valued policy laws, which find so much favour in many quarters, put insurance on a gambling basis. No, insurance is not a gamble, although it may have in it elements which are beyond the control of the underwriter, and something unforeseen continually disturbs his calculations. As a general thing the proportion of loss to the value of property in any country is much the same, the fluctuations from year to year being so inconsiderable that they can be fairly well provided for by the careful and experienced underwriter. I said as a general thing, but occasional large conflagrations disturb the most careful calculation, and must be taken into account by one who would make

proper provision for contingencies. For this reason rates must be made not only high enough to meet current expenditures, but to allow something to be laid aside for those extraordinary occasions, which no foresight can predict, but which are sure to come—some time. Nor is insurance a mere money-making scheme, by which a few are to get rich at the expense of the many. It is true that the undertakings of various undergrounders and fakirs may be so characterized. But they do not furnish insurance, and are not intended to do so, but are organized and maintained solely for the benefit of their promoters. They may occasionally pay a loss, but only when a large return may be expected for a small outlay. The Supreme Court of the United States has declared that insurance is not commerce. Whether the same opinion would be expressed now or not is by no means sure, but if not commerce it is one of the pillars on which commerce rests. Without it credit would cease to be given, and the business of the world would come to a sudden stop. No merchant or manufacturer could afford to risk his all, while his friends, no matter what their confidence in him, would not feel disposed to take the chances of loss by accidents which could not be foreseen. And as the withdrawal of the protection afforded by insurance would be disastrous in the business world, so it would no less affect the comfort and happiness of every community. When the home or household belongings of a family are destroyed of course the sympathy of neighbours and friends is aroused, and they are disposed to do what they can for the unfortunate; but sympathy and charity do not take the place of that aid to which the holder of a policy of insurance is entitled under his contract, and which he can claim without humiliation or any feeling of dependence upon the kindness of others. But insurance is not a creator or restorer of wealth as many take it to be. Property destroyed is a loss to the world just as much when insured as when it has no such protection, although we often think and speak as if insurance made good any loss as far as it went, and the only real waste was of the excess beyond insurance. Of course it is not necessary in this presence to emphasize this fact, but the error is so prevalent and widespread that a reference to it cannot be omitted when we are considering what insurance is and what it is not. It is only too common to regard a loss by fire as only the excess over the amount recovered by way of insurance, in entire forgetfulness of the fact that insurance companies are only regulators and distributors. Their office is to collect small, in fact almost inappreciable, sums from unnumbered sources and to retain these amounts, trifling in themselves but immense in their aggregate, until the time of need, and then from the accumulated store to distribute what is required to relieve those