

## KNOWLEDGE OF BUSINESS ESSENTIAL IN INSURANCE.

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must compute its returns. Annual returns must be charged with an annual premium sufficient to insure the investment's safety. Otherwise, these returns are purely fictitious. Simply guessing that a casualty will not happen, or guessing when it will happen, or what it will cost, is not sufficient. The true cost of insurance protection is measured by the premium paid to solvent underwriters having ample capital.

"3. This is fully recognized by the Government in its dealings with contractors. As it advances money or material to contractors for the completion of their contracts, it requires contractors to cover such advances with insurance for the interest of the Government, as well as for themselves. But Government that is operating railroads, telegraph, telephone and manufacturing plants has the same interest in taking out insurance for its protection as though these were operated by private contractors for Government work. It has the same concentrated risks and the same necessity for insuring the preservation of its investment and capital, in order to ascertain its true annual returns.

"4. Private commerce and industry cannot operate without insurance companies. They require a strong and ever increasing body of insurance capital directed by men who make insurance their sole business, and who are guided by the experience which they accumulate through many years. The business of insurance is built up on a fund of knowledge constantly increased by the accretions of experience. Knowledge is as essential to it as capital. This knowledge is not gained and cannot be supplied by those who are engaged in other callings, whether of private enterprise, or of Government. But all this knowledge and experience must be supported by the whole field of insurable risks. For the Government to withdraw from insurance companies a substantial part of this field would be a serious detriment to all the remaining. That is, it would be a detriment to all those private taxpayers whose taxes and enterprise support the Government.

"5. When the Government engages in production, either of commodities or of transportation, it can ascertain the cost beforehand. Plant, overhead, material and labour are all acquired at a known and definite expense. When the Government becomes an insurer it enters a field where the cost is unknown until the experience matures. If it attempts to measure this cost by insurance rates fixed in advance it must base these rates on the experience of the insurance companies which it supplants. It has no experience of its own. But their experience is the insurance companies' most valuable asset; so that in seizing upon it for the purpose of supplanting them the Government takes their property to destroy their business.

"6. In insurance, as well as in most other matters, private foresight and private prudence have gone ahead of Government foresight and Government prudence. The value of insurance

was recognized by private enterprise long before it was recognized by Government. But our Government by political parties has established the tradition of Government leadership. Parties vie with each other as to which better keep step with progress and shows the people the better way. The path of progress in this country is insurance in insurance companies. It is these that are indispensable to commerce and industry. Any governmental activity hostile to them, tending to overthrow them, or to diminish the field of their underwriting, so that their averages shall be less stable and their resources less strong, is a step backward. It is a step back to the period when everyone insured himself. Forward looking Government should set a good example. Insurance is the best example there is."

## CANADIAN FIRE RECORD.

(Compiled by The Chronicle.)

**Fire at Halifax.**—On the 15th instant a fire destroyed four buildings at the Halifax Dry Dock and Shipyards. Fire was due to carelessness. Fully covered by insurance.

**Fire at Toronto.**—On the 14th instant fire broke out in the premises of the Scythes Company, Ltd., Cordage Manufacturers, Church St., Toronto. Loss about \$2,000.

**Fire at Southwold** (near St. Thomas, Ont.).—On the 16th instant a fire destroyed the fine large modern barn, shed and hog pen of Mr. Fred Abbott, Southwold. Loss about \$6,000, partly covered.

**Fire at Notre Dame de Grace, Que.**—On the 16th instant a fire destroyed the stables and 14 horses of Toupin, Ethier & Company, coal merchants, 349 Decarie Boulevard, Notre Dame de Grace. Loss about \$7,000 partly insured.

**Fire at Nun's Island, Montreal.**—On the 12th instant a fire occurred in one of the large barns on Nun's Island opposite Verdun. The barn a structure of cement and wood was filled with hay and grain. Damage estimated at \$25,000. No insurance.

**Fire at Montreal.**—On the 12th instant a fire broke out on the premises of Thomas P. Oakes, dry goods, 709 St. Catherine St. East, caused by a lighted match dropped by an employee on cotton in the cellar. Insurance: Caledonian, \$4,500; Union of Paris, \$6,500; Union of Canton, \$4,000; Commercial Union, \$11,000. Total \$26,000. Loss total.

**Fire at Iroquois Falls, Ont.**—By the fire which occurred on the 10th inst. on the premises of the Iroquois Hotel, owned by the Abitibi Pulp & Paper Co., the following companies are interested: First National, \$1,000; Providence Washington, \$750; North America, \$3,500; Ohio Millers, \$14,000; Royal, \$6,250. Total \$25,500. Loss total. Five persons are known to have met death, as a result of the fire.