AN UNBELIEVER IN TARIFF RATING.—A certain Mr. E. I. Shriver, in a letter to the *Commercial Bulletin* on the 14th inst., thus expresses himself on the Fire Insurance Tariff:

"The movement in which the fire underwriters are now engaged, looking to the establishment of what would practically be one tariff compact to cover the entire country, cannot but be of great interest, not only to the insurance community proper but also to the entire business community. There would, however, be more reason to look for some considerable measure of success in the attainment of its object if this movement were not avowedly based on principles, the fallacy of which has been demonstrated in so many instances, and which, in the nature of the case, are less likely to be effective in a field of operation thus broadened.

It is scarcely now a secret, even of the open kind, that the present tariff combination in this city has already proved practically a failure in the line of placing the business on a remunerative basis. That it should be so is not strange, for the simple reason that while we have a great many able men at the head of our companies and agencies quite competent in each case to conduct the affairs of their own offices with success, it is very doubtful whether there is any one mind, or group of half a dozen minds in the business, that is possessed of the omniscence required to fix dogmatically on the proper rates to be applied over the enormous number of risks contained in this district; and when it comes to actual practice the rating is being done by clerks of very mediocre ability, subject only to such supervision as the committee can find time to give from their personal business. If this is true of a single district it would certainly seem to be sufficiently patent that the percentage of failure must be inevitably increased when it is attempted to extend this system over the entire country. In fact, the only real service that such a move is likely to perform will be as an illustration of how lamentably State socialism will fail if ever put into operation, for the simple reason that it requires a combination in a few minds of an infinity of detail, combined with breadth of view, such as hardly any human mind has ever yet possessed—the proposed national compact among the fire insurance offices being neither more nor less than an adoption of State socialism to that extent. Certainly the tariff principle has been tried long enough and generally enough to have had a chance to demonstrate its value, if any, and it has up to the present time utterly failed to accomplish what was sought from it.

It would really seem as if it might be worth while now to try a new course, and see whether the exercise of individual judgment within its legitimate bounds, the abandonment of the idea that because one company receives a certain rate, whether high or low, on a risk, every other company must necessarily do the same, and the restoring of the business to a basis of legitimate competition would not have better results.

To the objection that competition is the very thing from which underwriters have been suffering and which they are now trying as far as possible to abolish, it may readily be answered that they are paying the penalties of excessive competition, without reaping any of the benefits which should properly result from a normal state of competition; and that especially in the case of the strong companies able to carry large lines far better rates could usually be secured for the facilities that they control were their managers left at liberty to handle those facilities to the best advantage, than are now obtained by the compromises in which the attempt at uniform tariff rating almost invariably results. At all events, there is no question but that the tariff method has failed, and that each effort to strengthen and extend it has merely resulted in increased net losses, so that it is at least logical to consider the advisability of trying another tack."

Correspondence.

We do not hold ourselves responsible for views expressed by correspondents.

TORONTO LETTER.

The Stamping System for Montreal—A Visitor from England—The Frequency of Small Fires—Annual Report of the Insurance Institute—A Peculiar Small Fire Loss.

Dear Editor,

I learn that a proposition influentially endorsed will come before the Canadian Fire Underwriters' Association, asking that the stamping system be introduced into Montreal. Some years of experience in Toronto have demonstrated the usefulness to fire insurance interests of this official and authoritative mode of guaranteeing that no mistakes occur in the application of the established ratings to the risks taken from day to day by the companies. I remember it was somewhat of a surprise at the time that the Toronto Board should take the initiative in this matter rather than your older city with a larger head office representation of the associated membership both as regards numbers and assets. The effect of an adoption of the stamp, as proposed, would surely be salutary, and would tend to allay any misgivings and suspicions existing, that through carelessness or oversight, the proper rates are, in some instances, not collected. There are collateral and incidental advantages, and some educational features of the stamping system which are noteworthy in the practice of fire insurance. The rules governing a rate—the method of its construction and application to the subject of insurance must be well understood both by the stamping officer and also the company official in order that no injustice be done to the insured and no favor shown to any one company. Precision, a quick apprehension of the tariff requirements, rectitude of purpose and a loyal observance of the tariff, all these find their exercise in this matter. The experience of the Toronto offices regarding the stamping system, I am justified in saying, has been most happy. At the outset some little friction, some slight adjustment of the working needs of offices, not all following the same methods in their business arrangements, called for an intelligent adjustment and some special consideration; beyond these, any trifling irregularities or temporary dislocations have, as the doctors would say, been readily