FIRE INSURANCE A MATTER OF AVERAGE.

Forgetfulness of the fact that fire insurance is essentially a business of averages is at the root of a considerable amount of misconception regarding it. The individual who pays his fire premiums regularly year after year, but never has a loss, is sometimes apt thoughtlessly to conclude that fire insurance is an easy business, where the troubles are few and the profits are large. His mistake lies in an individual viewpoint. The simple fact is, of course, that the premiums which he pays year after year are so many contributions towards meeting the average loss caused by fires, which loss may or may not be shared by him individually during a given period. His personal experience of no fires is not universal, neither is the experience of another man who has several fires and receives from the insurance companies thousands of dollars more than he pays them, universal. If either experience were universal there would be no such thing as fire insurance as we have it at the present time. But as some folk have fires and some have not, it is possible by the present system of fire insurance equitably to distribute the losses of some among all, and thus to minimise individual losses as a result of the development in action of the fire risk.

Moreover, this principle of average extends to communities as well as to individuals. It is just as absurd for a single town or city to complain that it is being overcharged because its loss ratio has been low this year, or even for a number of years, as it is for an individual to complain because he has paid premiums for years and has never had a fire. Being a matter of average, fire insurance can only be safely transacted when its operations are broadly based geographically and the wide field secured that is necessary in order to obtain an average that shall be reasonably dependable. A single community does not and cannot qualify in that way, and necessarily in order to secure the benefits of fire insurance it must be prepared to subordinate its individual view to the broader view, which alone makes possible the business of fire insurance through average.

FIRE INSURANCE AND INCREASED VALUES.

Appearances suggest that the necessity for increased fire insurance on account of the prevailing high prices of commodities is not fully appreciated. Whilst keen and wide-awake merchants have revised their insurances on the basis of the present values of their stocks, it is probable that in a large number of cases old insurances are allowed to remain undisturbed, without regard to the fact that under present circumstances they are entirely inadequate.

The importance of revision of insurance at the present time in order to bring it into line with enhanced values of stock or property is evident. Fire insurance, and adequate fire insurance, is a commodity no one can afford to be without, and probably it is through mere oversight that so little extra insurance has been effected owing to increased values. Such oversight is dangerous, and agents can perform good service in calling the attention of their clients to the present-day necessity of consideration of revision of existing fire insurance.

STANDARD ACCIDENT POLICY.

The casualty companies operating in Canada have recently laid before the Ontario Insurance Commission, a proposed standard form of policy, and a statement regarding the history of the movement for standard policies. They state that the question has been the subject of discussion between the managers of the casualty companies in Canada for some years past, culminating in the appointment by the Casualty Insurance Managers' Association in December, 1915, of a committee to draft a standard policy for presentation for adoption by the Association. The policy now filed with the Commission was finally adopted by the Association and recommended to be used.

The companies have postponed bringing the standard policy into general use, for the reason that the subject of standard provisions is now being made one of enquiry by the Ontario Commission, that the Dominion Superintendent of Insurance has been, and is, contemplating legislation regarding accident policy provisions, and some of the provincial superintendents are also considering legislation on this subject.

UNIFORM LEGISLATION NECESSARY.

The companies point out the necessity of uniform legislation by the Dominion and provinces in this matter, otherwise the object of a standard policy will be largely defeated. They state that they not only advocate standard provisions but strongly urge in addition the adoption of standard benefits. The provisions in the policy the companies recommend are for the most part those conforming to the requirements of the New York Standard Provisions Act 1913. The companies have made the Canadian provisions even more liberal than the New York provisions, and some changes are necessary in order to comply with Canadian conditions. The provisions are equally applicable to sickness insurance when covered under an accident policy.

UNFAIR COMPETITION.

The companies draw the attention of the Commission to the large amount of accident insurance annually done by United States accident associations working on the assessment plan, which associations are not registered to carry on business in Ontario, nor licensed by the Dominion, thereby becoming active competitors of licensed companies, but being under no expense in Canada and contributing nothing by way of taxation on the premiums collected.

What has been stated to the Commission by representatives of the fire insurance companies in regard to unlicensed fire companies, the casualty companies state is equally true as to the business carried on by unlicensed accident associations, with the difference that it cannot be even suggested that the licensed accident companies in Ontario are unable to furnish all the insurance required.

TORONTO'S INSURANCE ON SOLDIERS.

Up to recently 675 insurance claims have been paid to relatives of Toronto men who have fallen at the front, and were insured at the instance of the City, while 50 more await adjustment. Of the claims paid the Metropolitan Life has settled for 483, the Aetna Life 24, the State Life 1, and the City 167. In all some 40,000 soldiers are insured either by the city or the insurance companies.