

may not unnaturally object that similar deliberateness might have been shown before raising their particular rates."

Rather naively the superintendent writes that rate decreases will come slowly, "because the department has no funds to employ inspectors, and the work will have to be done largely by correspondence." The italics are not the superintendent's to be sure, and his pardon is to be asked if they put the emphasis upon the wrong part of his sentence.

But, altogether, it would be hard to imagine a mix-up more ludicrous—or a condition of affairs better calculated to show up the futility of state interference in rate-making.

With alternative number two as absurd in practice as number one has long ago been proved, there seems to remain no other feasible plan than that of co-operation between the companies themselves. And in this connection Canadians as well as their neighbours can profitably study the well-considered arguments of the judge who dissented from the recent extraordinary decision of the New Jersey Court of Errors and Appeals against the Newark Fire Insurance Exchange. Judge Swayze pointed out that, as the insurance business is conducted, the question of premiums rate must necessarily be left to skilled underwriters familiar with the conditions in the particular locality. Companies do business in many different localities, in many different states, under widely varying conditions of hazard. It is quite impossible for any board of head office directors actually to determine the rates in any particular place, and that is not their function, but the function of professional underwriters—a point at which, it will be seen, the judge takes direct issue with the Kansas reformers. Again, the value of property, in large cities especially, has become so great that a majority in amount of the insurance issued is upon risks which cannot be assumed by one company alone without exposing its assets to undue hazard; consequently the practice has grown up of insurance companies uniting and each writing a part of the amount on the same risk. According to Judge Swayze it must be that companies have the right to agree upon the rate on such risks; and if they have the right to agree, they certainly have the right to agree to insure at a rate to be fixed by a skilled underwriter for a whole community.

A prime object of the Newark Exchange and similar associations throughout the United States and Canada is to secure improvement in the fire hazard by allowing deductions from the premium in case various precautions are taken by the assured. The natural tendency of this effort by the concerted action of the companies to decrease the fire loss is not detrimental to the public, but, on the contrary, beneficial; and in Judge Swayze's opinion there is no reason to doubt the evidence that the rates of insurance in the United States are less in states where

compacts of this kind exist than in states where such compacts do not exist. Certainly there was a total failure to show that the rates in Newark were more than enough to make good the losses insured against, pay the expenses of conducting the business and a reasonable return upon the capital invested.



CO-OPERATION AND EDUCATION vs. EXCESSIVE INSURANCE TAXATION.

Breadth of outlook has been notably evidenced by the utterances of the accident underwriters assembled this week at Niagara Falls. Casualty insurance has rapidly been taking rank with the senior branches of underwriting. And with increasing importance has come grater realization of joint responsibility as to problems touching insurance interests generally, and eventually affecting the public as a whole.

Signal progress is seldom achieved at a leap. "Here a little, there a little" is the more usual order of procedure. And within their own ranks the accident companies have still somewhat to do before securing a thoroughly effective working together.

The desirability of co-operation among accident companies—and with insurance interests generally—was clearly set forth in the convention address of Mr. Louis Fibel, president of the Detroit Conference.

For all the ills suffered from without and within Mr. Fibel would prescribe this one specific: the injection of a serum composed of ninety-five per cent. of co-operation and five per cent. of common sense. As yet the companies have not advanced sufficiently to realize how far real co-operation would benefit all. In combatting unfair legislation and burdensome taxation, companies, as units, are powerless; as organizations representing one form of insurance they are stronger; but only as one united body of all insurance interests can their full force be exerted. So united, they may hope to teach the public that insurance is an institution primarily for its benefit, and that all burdens thrown upon insurance companies are eventually borne by policyholders. According to Mr. Fibel, education of the public is all that is really necessary to remedy existing evils in legislation and taxation. For, when the situation is thoroughly understood, legislators will eventually do the bidding of those who elect them—the great bulk of whom are policyholders in insurance companies.

It is well not to allow convention enthusiasts to hide the fact that, at best, progress in educating the public can be but gradual. Truth to tell, the general report of the executive committee to the convention regarding this very matter had in it a note of discouragement. Following the declaration of the National Convention of Insurance Commissioners in 1908, relating to the importance of relieving life companies of unduly burdensome taxation, the executive of the International Association of Accident Under-