

## FIRE INSURANCE IN THE UNITED STATES.

"The cut-throat method," is the name given by a New York journal to the style of business adopted by fire insurance companies in the United States of late. And its natural results are being brought about, for the companies are complaining of unprofitable business and decreasing dividends. That capital shrinks from the "cut-throat business" would appear from the statistics furnished at the gathering of the U. S. National Board of Fire Underwriters the other day. There was \$75,302,000 of capital employed by 273 companies in fire underwriting in 1881, but only \$72,808,000 by 238 companies in 1882, a decrease of thirty-five companies and two and a half millions in capital.

The aggregate of fire risks written in the United States last year was \$9,456,000, an increase of nine and a quarter per cent. compared with the previous year, but the rate of premium decreased to \$0.8040 to \$0.8019 per \$100. Then, we find, the amount of fire, marine and inland losses paid increased 10.89-100 per cent. And the per cent. of gain in income over expenditure to amount of capital employed for the American companies has decreased from 7.54-100 in 1881 to 6.65-100 in 1882. Alluding to the lack of profit on the year, and the fact that the premiums obtained had not been in proportion to the protection afforded Mr. Hald, president of the Board said that 23 years show that the margin of profits with the average skill of management is less than 5 cents on each \$100 of risk. "We may have gained on the yearly class, but we certainly have lost on the great term classes more than we have thus gained. Our term risks are written too low—they are mortgages on our future—their enormous increase with their attendant low rates is to-day the most dangerous feature in our business. Yearly risks, if written too low, affect only the single year and may be quickly brought back to a proper rate; but three, four and five year risks do not respond to any sudden change, however pressing the need may be of advance. They come to stay, and too often, like mortgages, foreclose their principal upon us when we least expect their claims will mature."

A return to the conservative method of doing business should, in the opinion of the N. Y. Public, be the aim of every insurance underwriter. It would mean safer insurance as well as larger profits, for the insured equally with the insurer is interested in seeing that the business of insurance is not done at a loss. It is shown, says that journal, that 92.93 per cent. of the premiums received in 1882 was eaten up by losses and expenses. "When it is considered that there is an increased liability for a considerable amount of premiums partly unearned, the margin between receipts and expenses, narrow as it appears, is even smaller. While the charges for insurance have been reduced, it is evident from the figures presented that the actual fire cost, irrespective of expenses, has increased, particularly during the past nine years. Two causes have had much to do with putting the premium for insurance below what

would afford a legitimate profit. The companies in their struggle to secure business have extended the system of paying commissions until it includes nearly every one, even in some cases the actual insurer. The rate of commissions has also been increased so that alleged agents secure more than the lion's share of the profit arising from writing a policy." It is apparent that insurance is being furnished at figures too dangerously near cost to be justified by any plea of enterprise.

## "FALSE HOPES."

Under this title Dr. Goldwin Smith has contributed a brochure of some seventy pages, to Lovell's tri-weekly library series. The writer therein deals with the destructive forces with which modern society is threatened, notably communism, under its various forms, in Europe. Of greenbackism, as a delusion, he also treats. Never, perhaps, was the popular delusion, that fortunes can be equalized by economic legerdemain, so strong as at present. This delusion taking various forms and rejoicing many aliases, is chiefly socialistic. Nihilism, Communism, Fenianism in its worst form, all aim at a common end. The confiscation of all landed property, is openly advocated by some; of the "unearned increment only" by others. Never since the day when Prud'homme announced, as if he had made a great discovery, that property is robbery—*la propriété c'est le vol*—have the same efforts been made in favor of confiscation as have recently been made in favor of taking from every man the land he possesses and giving it to the State. This theory has been started on a soil in which it was not likely to take root; it found its chief apostle in a country where land is not scarce relatively to people, and where, by its wide distribution, individual ownership was likely to make it specially unpopular; where the evidences of the benefits of individual proprietorship lie scattered in thick profusion. It is not a natural product of the country—the United States—where it has been most loudly proclaimed. This doctrine, instead of striking at an admitted evil, assails one of the most beneficent influences of modern civilization. Individual ownership of land, the sentiment of individual property, has made North America what it is. Without this, instead of coming to the front rank of nations, economically, this part of the world would scarcely have been able to emerge from the savage state.

The opposite system has been tried and failed. It was not the original intention of the British Government to alienate the public lands, in Canada. The right to collect rent was part of the original design. This plan, to which the confiscation theory invites a return, under a new name, had to be abandoned as impracticable. Individual proprietorship, by giving a sense of security of possession, has tended to create a feeling of independence, among agriculturists, which has had a most beneficial influence upon character, an influence which has been felt alike in the social and the political sphere. The abolition of individual proprietorship would cause a degradation of national charac-

ter, and put back the clock of progress indefinitely.

If the confiscation of land could be popular any where, we should expect to find it so in countries where the land is in the hands of great proprietors, by whom it is rented to tenants. The Irish farmer would have no objection to confiscation, as an intermediate step to the transfer of the land to himself; but he would object to the Government becoming proprietor with the right to stand in the place of landlord and exact rent under the name of a tax. The American farmer, invited to commit economic suicide, by transferring his land to the Government, would stake his life on the refusal.

It is fortunate that this new gospel of confiscation does not appeal to any strong interest. If it did, the danger which it presents or foreshadows would be formidable. Its injustice must appeal powerfully to every well constituted mind. The mass of mankind can never be in favor of injustice, unless its passions or its interests are engaged.

Even in the savage state, before individual ownership of land was known, the tribe constantly fought for the integrity of its possessions. This was the great source of Indian wars throughout America. For this the Iroquois League and the Algonquins drenched the soil of Canada and New York with blood. In the West the Blackfeet, the Peigans, the Indians of the woods and the Indians of the plains, made war on one another. In this contest the Chipewyans were pushed to the north, where they came in contact with the squalid Esquimaux. Individual or family appropriation of portions of the soil were not wholly unknown, even among the American Indians. Families which raised indian-corn, not unfrequently had a right to the soil they cultivated, and that right was respected by the tribe. It is a matter of historical record that cultivation thus led naturally and inevitably to individual ownership of portions of the soil. Without it, cultivation would often have wanted an adequate motive for its prosecution. Individual ownership is a necessity, which grows naturally out of the conditions of cultivation, in the state of civilization, in which North America now is. Abolish individual proprietorship of land to-morrow, and you would destroy one of the great motors of modern society, arrest its progress and threaten its ruin.

What form of Government, Dr. Smith demands to know, would the nationalizers transfer the land of the country to. They are foremost in denouncing all present and past governments. In promising political regeneration, they stand on the same level as every successive party out of office occupies: they are always going to be, but never are universal regenerators. That a government entrusted with the immense power which the ownership of all the land would give, would do better than its predecessors is an assumption which careful observers will be slow to credit. Its temptations and opportunities for evil would be greater; its moral fibre would find no invigoration in an immense surplus revenue, for which it could have no legitimate use, which it must use