

the Economist, "and dislocation of trade leads almost inevitably to a slackening in the precautions against fire. When the men are out on strike or working in a dissatisfied spirit, the moral hazard must deteriorate, and in fire insurance the moral hazard may very often make the difference between a good year and a bad. . . . There is no doubt that in times of unrest and bad trade fires take place which would never occur under more peaceful and prosperous conditions. Quite apart from deliberate arson, owners of houses and factories look after their works better, and expend money more freely when they are making good profits than they can when trade is difficult and profits hard to earn. Trade last year was, of course, very good, but the disturbance caused by strikes was a serious strain on everybody in the industrial world, and it is fairly clear that insurers, either knowingly or unknowingly, suffered from it over a long period."

The expenses of the companies do not largely vary from 1911; several of the companies show fractional increases and others about the same proportionate decreases. The figures suggest that any cut in expenses is, under present conditions, somewhat difficult of accomplishment.

LIFE INSURANCE AND SOCIAL SERVICE.

There has been no more notable development in life insurance in recent years than the realisation of its capabilities for social service; the setting-up of a new standard of rivalry among the companies, not as formerly, as to which shall be the biggest but as to which shall give the greatest benefits to its policyholders.

It is the industrial field which naturally offers the widest opportunities for service of this kind and it is among the great industrial companies that this service has so far been most developed. There lies before us at the moment a new publication issued by the Metropolitan Life of New York, an attractive booklet with the title of "The Child" and underneath the title "Printed and distributed by the Metropolitan Life Insurance Company for the benefit of its policyholders." This booklet contains a mass of information regarding the rearing of children, the treatment of their simple ailments and the like, which, we imagine, will be widely appreciated in the homes which it will enter. Attractively printed and illustrated, excellently arranged, and the whole of the information given in the simplest fashion, it is the very thing for its purpose. And one can be certain of its utility. For instance, here in Montreal, we have the unenviable distinction of an infantile death rate far above the average of great cities. How much of this is due to the sheer want of knowledge on the part of parents it is impossible to say. But that a very considerable proportion of it is due to this cause, there can be little doubt. In these circumstances, any effort which will help to break down the wall of ignorance and save the children's lives can be very cordially welcomed. We bespeak for "The Child" a large circulation in Montreal.

It is said that this and similar efforts in the direction of social service which are being made by various companies are organised in self-defence; that they are being carried on merely to head off the activity of the state in the insurance field, which has become of recent years so pronounced a feature in

European insurance. Even were this the case, it would not detract from the excellence of the work which is now being carried on. But it is nearer the truth, we believe, to say that this social service is a normal development of life insurance, as much a normal development as the placing of life insurance itself upon a scientific basis a century and a half ago, the rise of the endowment policy or the growth in its manifold branches of casualty and other insurance. It would be foolish to assert that, even from the strictly business point of view, insurance is reaching or has reached the maximum of its possible development. There can be no doubt that the coming years will see new developments to keep pace with or to anticipate the requirements of a civilisation that as it grows more complex, requires increasingly the protection which only insurance can afford. Similarly, the movement towards social service in life insurance is merely a quite normal development of the latent possibilities of life insurance. That what has already been done in this connection is merely a beginning is certain. Quite lately, the Canadian companies, acting collectively, have decided to assist in the movement towards the prevention of tuberculosis. It is likely enough that the not distant future will see a very large extension of their activities in this and other directions of social service. The fact that Mr. Haley Fiske will address the Life Underwriters of Canada at their forthcoming convention at Montreal on this subject is a sign of the times.

FIRE COMPANIES AND THE PUBLIC.

How they can Co-operate—Work of Fire Underwriters in Improving Risks—Where Joint Action is Desirable.

(Henry W. Eaton, U. S. Manager, Liverpool & London & Globe.)

The fire hazard cannot in this day be really ascertained, nor can elaborate fire statistics and recorded experience of offices enable us to accurately adjust rates; moreover, in the case of manufacturing risks especially, the very change in processes from year to year would render comparatively useless statistics of any but recent periods. The losses affecting particular hazards, due to fires beginning in hazards of a different class, furnish a difficulty in loss classification not yet adequately dealt with by the fire underwriter. And this difficulty is intensified—as you can well understand—in the case of conflagrations, which are utterly disturbing to loss classifications. Could we disregard calamities of the kind as something exceptional, our task would be made easier, but we know from painful object lessons that every rate must be loaded with some fraction designed to provide accumulations in favorable years, and so gradually form a safety fund for emergencies of the kind. Were the companies merely to build up a rate designed to cover the losses to be expected in ordinary years, in addition to justifiable expenses, and a modest profit, then in the hour of danger, when the insured property owner called for a protection so plainly promised in his policy of insurance, we would surely be denounced—and justly—as traitors to our trust. And yet, such an addition to the rate as I have indicated as so needful for the protection of the insured is, and has for years been denounced as