

### A DEFENCE OF BRITISH FIRE OFFICES. HOW THEY FIX RATES.

In answer to a charge made against British fire offices, that they are in a "ring," to create a "corner" in fire insurance adverse to the public interest, the London "Times" publishes a lengthy explanation of the working of the tariff companies. The writer says:

"These offices transact 95 per cent. of the fire insurance business of the United Kingdom. But at least half the business which they do is done independently, and without reference to any "tariff." The directors and managers of the several companies are free to exercise their own judgment as regards all ordinary risks (which are keenly sought after), and are only bound in regard to accepting a minimum premium for the special or tariff risks (which are less liked). It has been found by practice that no single office, and no half-dozen offices, have sufficient data to estimate the premium which should be charged for specially hazardous buildings; and one of the primary purposes for which the Fire Offices' Committee exists is to permit the collected data to be available without letting any one company know the individual experience of the other companies. They are much too jealous of one another to be willing to exchange trade secrets."

He then gives a list of 57 tariff risks, of which 25 per cent. are strictly local, such as "Bermondsey Tanneries," "Fleetwood Dock Warehouses," "London Manchester Warehouses," "Hull Warehouses," and others. The risks familiar to us are: Boot and Shoe Factories, Clothing Factories, Cold Storage Warehouses, Corn and Rice Mills, Cotton Mills, Distilleries, Farming properties, Floor Cloth Factories, Furniture Storing Warehouses, Granaries, Shops, Sugar Refineries, Timber.

"The next important point is the manner in which the tariff rates are fixed. The managers of individual offices classify their business in an exhaustive fashion, and they know pretty well if any class is contributing more than its fair share either to profits or to losses. Whenever a class of business has been unprofitable for a year or two fire managers talk over the circumstance with one another. If the unfavourable experience appears to be at all general the Fire Offices' Committee is moved to make enquiry. The committee consists of the principal officers of all the tariff companies—one representative for each—and is presided over by a barrister who has no connection with any company. Each company prepares a detailed return for some years past of its premium income and fire losses in respect of the class under investigation, and these returns are handed, in the strictest confidence, to the president. The president tabulates the returns and submits them to a full committee, or in the first instance to a sub-committee, for consideration and report. If it be found from a careful examination of the facts that a strong case has been made out for a revision of the tariff a change is accordingly made, and the revised rates, when they have been accepted by all the members of the Fire Offices' Committee, come into operation.

"There is nothing arbitrary about an inquiry of this kind, and the individual interests of the several offices are so conflicting that there is little or no danger of a conspiracy to raise rates unduly. This mutual divergence of interests is the principal public safeguard against a corner. The small companies with home business only are individually just as powerful on the Fire Offices' Committee as the great companies with world-wide connections, and this fact makes it in practice impossible for the great offices—even if they desired it—to raise the rates on home business in order to pay for the losses on foreign business."

The object of the tariff, as it stands, is declared to be not so much to maintain rates as to improve the character of risks, so that the owner of premises has a direct pecuniary interest in doing away with risky appliances and bringing his place under the minimum premium. The influence of the tariff fire offices is of incalculable benefit to the community, as every fire is a drain on the public wealth. The writer in the "Times" points out that the companies do not, on an average, clear more than 10 per cent. of the premiums on the home business, and the dividends are mainly paid out of capital. The suggestion is made that the British fire companies publish accounts showing their home business and their foreign business separately. The "Times" is so conservative in allowing the use of its columns that we may be certain the defence of the British fire offices was contributed by some official in the front rank.

### THE METROPOLITAN LIFE INSURANCE COMPANY.

The Metropolitan Life Insurance Company of New York has recently held its Seventh Annual Canadian Convention. A meeting of the Montreal, Ottawa, Brockville, Cornwall and district agents was held in Montreal on the 2nd inst., when about 170 agents were entertained at a Banquet in the St. Lawrence Hall. Amongst the Home Office officials were: Messrs. Haley Fiske, vice-president; George B. Woodward, 3rd vice-president; A. S. Knight, M.D., medical director; Frank O. Ayres, assistant manager, ordinary dept. and manager intermediate branch; Major B. R. Corwin, manager of agencies, ordinary dept., and H. A. Young, supt. of agencies.

The mayor of Montreal, who was also present, as well as some other prominent citizens, complimented the Metropolitan Life on the success it had achieved in Canada, where it has an army of about 500 agents at present working for it. Mr. Haley Fiske, who occupied the chair, made a practical and eloquent speech, which was much appreciated by all of those present. Vast strides have been made by this solid, progressive institution, and its industrial policies meet the wants of a large