

Fruit, Fish and Ore.

British Columbia fruit prospects on the whole are good. The scare as to a failure in the run of sockeye salmon has subsided. Mining proceeds apace. Mr. W. H. Aldrich, general manager of the Consolidated Mining & Smelting Company, expresses the opinion that the mining outlook in Kootenay at present is most hopeful. A gratifying feature is the large amount of new capital that is being put into the industry from widely separated sources. Much of this money, he states, is being put into old and well developed properties, which for many reasons have either been idle or only worked on a small scale, but whose capacity to give satisfactory returns has never been doubted by well-posted mining men. Total ore shipments last week were 30,941 tons; and for the year to date, 1,026,086 tons.

THE FIXING OF RATES.

Complicated Problem Confronting any State that Undertakes to Fix Fire Insurance Premiums.

Reference was recently made in these columns to the Kansas and Texas experiments of having the state fix fire insurance rates. THE CHRONICLE gave as its opinion that these attempts probably came about through belated recognition of the fact that prohibiting rating bureaus had resulted in "confusion worse confounded." It is interesting to note that this is the view taken in the annual report (just now issued) of Commissioner Hardison of the Massachusetts insurance department.

He points out that in several of the western states the remedy for all supposed fire insurance evils took, a few years ago, the form of anti-compact laws,—that is, laws to prevent the companies from agreeing on rates to be charged on various classes of property. It was thought that if the companies could be made to compete in rates the evils complained of would be eliminated. But the looked-for millennium did not ensue. Great inequality resulted, and it is safe to say that these laws have never accomplished what their advocates led the public to anticipate. The practical failure of this promising remedy has been followed with an attempt to find a new panacea for the still existing troubles; and, as said at the outset, two states are going to establish rates in those cases where a controversy arises between the company and the assured.

What is Involved in Making Rates.

In considering whether such a plan is likely to be successful, one of the first things to be ascertained is what is involved in making a fire insurance rate. Mr. Hardison points out that the first thing is to establish the amount of loss to be expected and provided for in the rate, and then the amount to be allowed for expenses. Presumably this latter question might not be so hard to answer as those questions which have to do with the apportioning of the cost among the various classes of risks. The problem of a proper rate for all these grades of buildings and their contents is a much more complicated one, if justice is to be done to all parties, than would be the task of a life insur-

ance company if it should undertake to insure the lives of all persons who make application therefor.

Given this great variety of risks to be insured, owned or tenanted by persons representing all nationalities and degrees of moral accountability, how shall they be classified as to physical risks and how as to moral hazard? Shall the high-class buildings in the best-protected districts be put in one class, protected dwellings in another, manufacturing plants in another, buildings used for commercial purposes, public buildings, hotels, etc., each in other classes? And shall these classes be again divided according to the reputed moral hazard of the insured? If so, here is an opportunity for a great number of classes, each class to carry its own rate.

But what Shall that Rate be?

Has any state in its possession statistics from which it could figure the proper rate for protected dwellings? Has it any figures that would serve as a basis for rates for hotels, theatres, stores, saloons, moving-picture shows and hundreds of other varying risks? Shall the same rates be made to apply in Boston, Fall River, Springfield, Pittsfield and all towns having a fire-protection service? Or shall the city which shows a record of immunity from great loss by fire be given advantage over Chelsea and Boston? Shall rates be made upon the loss experience in one particular state, if not upon that of each city therein; or upon the loss experience of New England; or of the United States, including California with its earthquake hazard? Finally, shall rates be made so as to give the best-managed companies a fair profit, or those managed with average ability, or those that are behind in the race? If rates are established so high that the latter class can continue to make both ends meet, then there will be the same complaint about excessive rates and great profits in fire insurance as now, for the better-managed companies will certainly make money under such conditions. If, however, the other extreme were adopted, and only such rates be made by the states as would give the best underwriters a chance for existence, it would mean the elimination of a great many of the companies.

Are the Rates to be Compulsory?

Another consideration is, the remedy in case the state makes a rate so low on any class of property or risk that no conservative underwriter, mindful of his responsibility to his stockholders, or, if a mutual company, to policyholders, will be willing to write the risk. To attempt by law to compel an insurance company to cover such risks might be held to be confiscation of property without due process of law.

Are the Rates Likely to be Uniform?

These various questions will have to be decided by the rate-making official of every state that assumes to make rates. Each such official will have to grade his risks into classes; use his best guess as to what is a proper rate for a given class, for he has no experience figures to guide him; make what allowance, if any, he deems best for the fire-protection service of the place; take the view that appeals to him as to the disposition of the companies to make exorbitant rates and profits; and