

# GROWTH AND PROSPERITY

(1920-1930)

## CHAPTER V

The early 1920s marked the emergence of this country from the instability and uncertainty that had characterized the immediate post-war years. By 1923, Canada had embarked on a period of unmatched prosperity that lasted until the stock market collapse in 1929.

At the outset of the 1920s, the association renewed its effort to eliminate the rate and rule infractions which had prevented the smooth operation of the organization. Non-tariff competition was discouraging, but rate cutting and other unfair competition among members themselves was a much more serious matter. It undermined confidence and bred mistrust and suspicion among both companies and agents. Both groups demanded the association provide protection against these questionable practices.

If conditions were poor when fewer than 50 companies belonged to CFUA, the situation became much worse (and the possibility of effective control more remote) in 1921 when membership swelled to 115. Good faith, often expressed in legal terms as 'uberrima fides', was essential to the operation of the association. President after president had emphasized the

need for cooperation and trust and, all too often, had lamented about the result of its absence. As early as 1898, President P.H. Sims suggested the association must provide "adequate protection to the loyal and conscientious members against the indifferent and sometimes unscrupulous conduct of a member whose sense of honour is dim or overpowered by his anxiety for business".

Not all infractions were deliberate. Some were the result of misplaced rating slips or human fallibility. But whatever the cause, companies and agents alike were particularly upset when policies were returned 'not wanted', because some other tariff company had offered a contract at a lower rate. It was obvious the association had reached a turning point. Measures had to be undertaken to guarantee equality of opportunity for all members.

At the 40th annual meeting in 1923, President Alfred Wright assessed the situation: "In the past our anxieties have mainly arisen from without, and all have been successfully surmounted, but now our principal difficulties are from within." He warned the assembled members that disregard on the part of some seriously



imperilled the very existence of the association, and he expressed hope that its work, so beneficial to insurance interests, be carried on for many years to come.

At a special meeting four months later, both the Eastern and Western Infractions Committees had much to report. The westerners commenced by stating:

Following the remarks of the President at the last Annual Meeting, and the expression of dissatisfaction on the part of several Members at that

meeting with respect to numerous violations of Rules, your Committee considers it advisable to report specially on such cases of infractions that have come before it that are evidently outside of the ordinary and, to some extent, excusable errors or omissions that in the large fire business of the Province are almost certain to occur.

The members were quite reasonably discontented. Infractions detailed in the report included:

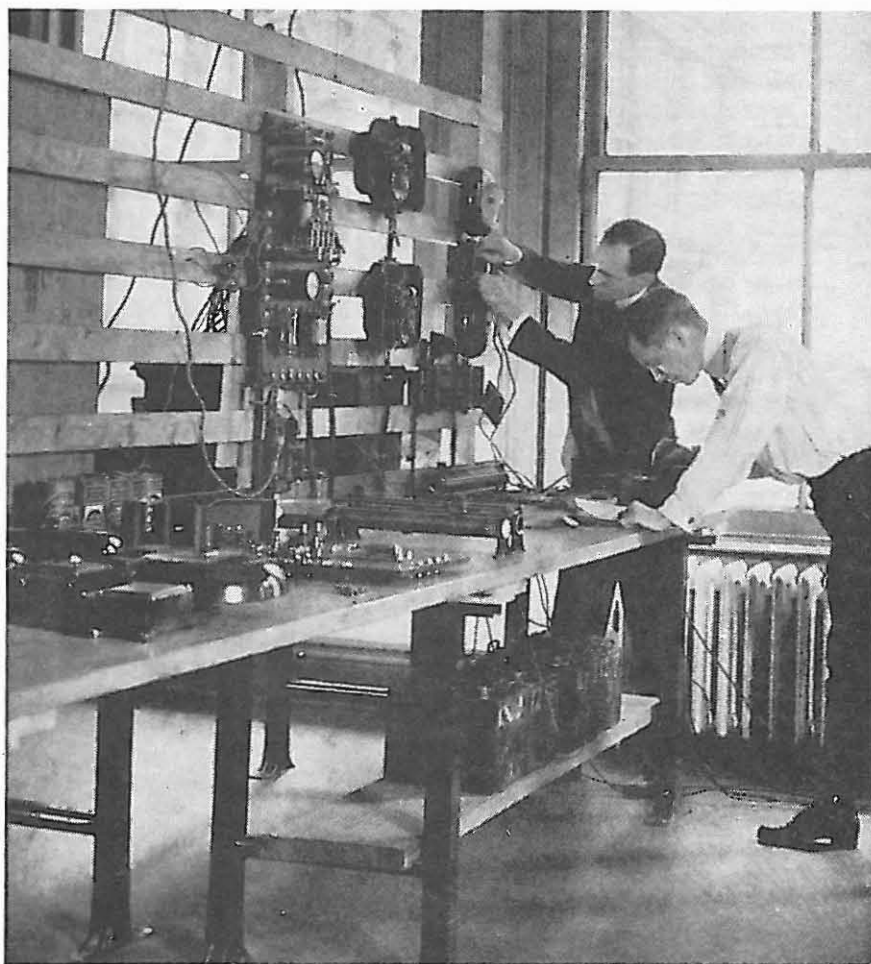
(1) The Globe and Rutgers had accepted

a two-million dollar line in total disregard of tariff rates. When called upon to cancel, one item was cancelled and placed in another Company in the same group and instead of cancelling either line "a dilatory correspondence introducing untenable technical points had been maintained from March to July, at which latter date the policy expired".

(2) The Niagara denied having been interested in a risk which it had actually written at an incorrect rate,



*The Tessier patented fire ladder, 1920.*



*Testing an automatic fire alarm system at the Underwriters Laboratories, New York, circa 1923.*

having first written to the Sprinklered Risks Department for the correct rate, on a policy series which had not been reported to the Stamping Officer at London.

(3)  
The Canada National, upon being queried about a certain clause denied that it was on the policy, whereas the policy contained a clause almost identical in wording with that quoted in the query, and absolutely identical in meaning.

(4)  
There was also the case of the Company Inspector who had a connection with American Brokers to whom he referred his agents whenever they wished to secure lower sprinklered rates than were quoted by the Association. The same Inspector obtained a quotation from Detroit Brokers of 10¢ on the Witchell-Shields Shoe Company's risk at Windsor, the Tariff rate for which is 12¢. The above shows the lengths to which some Companies will go in endeavouring to obtain agents.

The answer to the problem of infractions was stamping, although its implementation was moving at an extremely slow pace. Stamping began in Toronto, under the old Toronto Board, then spread to Hamilton, Ottawa,

London, Windsor and Montreal. Sporadic in its enforcement, it achieved only partial success — just enough to show there was a considerable volume of business written by member companies without regard for tariff rates and rules. Agitation for the general implementation of stamping continued intermittently for some 10 years. But the opposition of a small minority succeeded in having it postponed. Despite many attempts, no agreement could be reached.

This important matter dragged on until the Infractions Committee tabled a report at the annual meeting in 1923. The report made a strong impact and a motion ordering "that the stamping of business be extended to cover the entire territory of the Association and that the same be done in the Association offices at the two centres where the rates for the risks are promulgated" was unanimously carried. General stamping commenced in the spring of 1924. The Western Canada Board had stamped policies for many years and the stamping officer from Winnipeg, C.J.R. Coyle, came to Toronto to supervise operations and organize work in the two provinces. Meanwhile, those opposed to stamping had not yet exhausted their resources.

The minority opposition to stamping was initially based on the expense involved. By 1920, the principle had been accepted and

the objections directed at the methods to be used for enforcement. (A few members were against stamping because it would prevent them from writing business as they pleased regardless of board regulations).

In April 1924, a special meeting of the association took place in Montreal at the request of 47 of the 129 members "to consider the whole question of the Stamping of business".

The secretary of the Ontario Board was subsequently instructed by the Executive Committee to issue a circular to all agents in the province directing them to send their business to the board office for stamping instead of directly to the companies, as previously had been the case.

When some members learned about this order, they protested: ... inasmuch as it has been shown by actual experience that stamping does not prevent violation of tariff; and, that being so, no justification exists for this disruption and addition to the expense. That this will result in disruption of business is evidenced by the protests received from so many of the principle agents and agents' bodies throughout the territory affected; and it is certain that the not inappreciable addition to the expense would but accentuate the handicap under which the old line Companies are suffering today in competition with the reciprocals and mutuals whose slogan, 'insurance at cost' is proving so attractive to the hard pressed premium payer.

They further argued that by issuing instructions directly to agents "the Association exceeded its prerogative" and requested that the stamping instructions be rescinded, and "that the whole question of stamping be reopened



*Lyman Root, CFUA President, 1921.*

and given further consideration”.

With certain minor concessions (for example, an agent had the option of sending business to company or association offices; submission of renewal receipts during the remainder of 1924 was not compulsory; and business was to come under stamping by degrees according to the capacity of the department to handle) the action of the association was confirmed. Ontario voted 68 to 29 in favour of stamping, while in Quebec the vote was 74 in favour and 12 against.

With opposition to stamping stronger in Ontario than Quebec, CFUA's Stamping Department, and particularly C.J.R. Coyle, the Stamping Officer, were under constant fire from a few of the general agents. Any mistake on the part of a hard pressed examiner (an experienced examiner was expected to stamp or tag about 300 documents a day) was blown out of proportion as evidence of total incompetence. Coyle was, in fact, a man of resolution and tact who received firm support from the secretary, John A. Robertson, and most responsible members. In 1925, he addressed the convention of Ontario Insurance Agents' Association, on the advisability of developing a Central Universal Stamping Office. The success of Coyle's department convinced the Maritime boards to initiate similar services in 1926.

One of the most spectacular results achieved by the Ontario Stamping Department was the disclosure regarding the Merchant's Fire. The stamping officer found out that company business was being written with wholesale disregard for the tariff, and com-

mission arrangements that bore little relation to those authorized by the association. This affair must have particularly embarrassed company president Alfred Wright, of whom it was later recorded that his high standard of personal integrity won the respect of all. The manager responsible was fired and replaced by one who cooperated fully with the stamping department in rectifying the situation.

The value of the stamping procedure to the general operation of the association cannot be overestimated. In 1927, a motion suggested that, "in view of the Stamping System having been in force for nearly three years, and having in that time effected excellent service in disclosing and clearing up many irregularities, so that today the writing of business is with but a few important exceptions, in good order throughout the territory controlled by the association" the policy be

changed to a spot check at head offices, branch offices and general agencies at irregular intervals. Members recognized the importance of the hard-won stamping office and, not willing to tamper with success, defeated the motion.

The development of the Stamping Department was but one of a number of important measures implemented between 1920 and 1930. Another innovation was the formation on February 1, 1923 of the Investigation and Loss Bureau, with Harry Rethonet appointed as its first manager. Since its founding in 1883, the association had been concerned about losses caused by incendiarism and had done its best to curb them. Committees working persistently at both branches for more than 40 years had secured several convictions. But crime was now too important to be dealt with on an ad hoc basis. Members thought an



REPAIRS                      SUPPLIES                      STORAGE  
**St. George Garage Limited**

*St. George Garage Limited, seen in 1925, was exemplary of a combination of various risks.*



unreasonable sum was being paid on claims arising from fraudulent causes, and that as these claims were necessarily reflected in the rates, they had a duty to the public to take more effective control measures. As anyone who is at all familiar with the history of the association well knows, its efforts have always been to promote, by means of standards and inspections, safety measures so that rates might be held at the lowest possible level. Most expenses of the association

*John Jenkins, CFUA President, 1922.*

were allocated to this purpose. The interests of private enterprise and the public good were closely aligned.

At the newly-formed bureau, records kept of all suspicious losses were made available to member companies through a card index. A little more than a year after he took the position, the manager reported the documentation of 25,000 fires and the investigation of 97 losses, leading to a number of convictions. It is difficult to estimate the resulting savings to member companies and the general public, but they were indisputably significant. For example: In January 1924, the companies were warned about an insured party who had had three serious fires, each involving a loss of about \$25,000 and in every case the cause was reported as "Unknown". Because they ignored or overlooked this information, two companies paid over \$20,000. On another risk with a record of four fires in two years, a loss information card was issued. The insured party tried to get insurance from seven companies, but each declined. Undeterred, he approached an eighth company, and for some reason this company failed to check with the bureau and within a month was faced with a claim.

The manager of investigation and loss stressed that even small fires should be reported to the bureau. He warned that the "records show a number of claimants who changed from one company to another after obtaining payment for a fire loss and who used the same articles at a later date as a basis for another claim." In 1925, he stated:



*Alfred Wright, CFUA President, 1923.*

In our previous year's report we made mention of two outstanding cases. Yet one of these parties obtained insurance during the past year with the usual result. The other one, after numerous unsuccessful attempts to obtain insurance, moved to a different city, changed his trade name, and there succeeded in obtaining a great amount of over-insurance. As we are continuously following up our cases, this party was located at his new address and the proper steps taken to safeguard the interests of our companies, all of whom have cancelled.

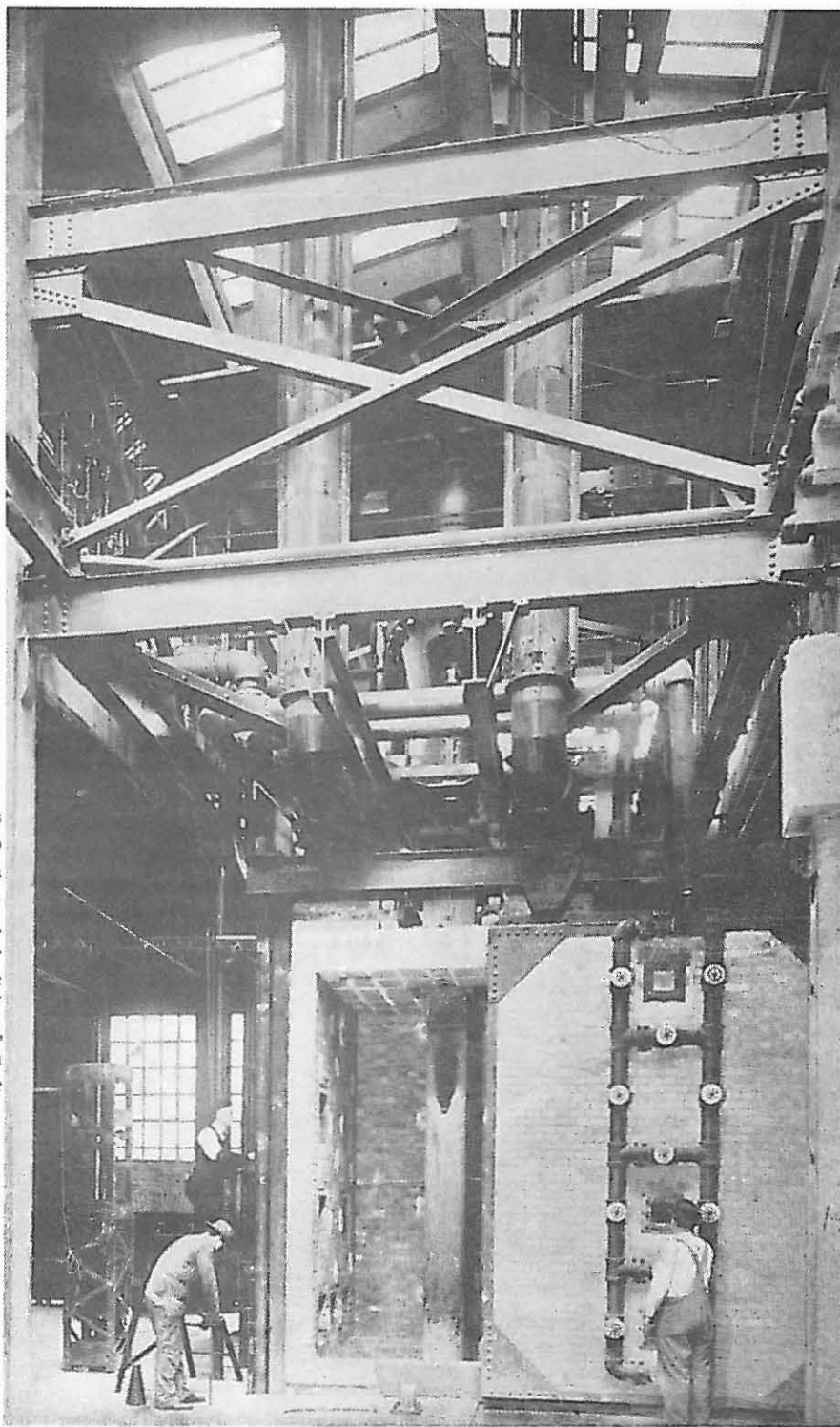
The bureau conducted investigative work in addition to providing information. Arson convictions were difficult to secure prior to formation of the bureau because evidence gathered was insufficient and poorly presented. As a result, local authorities rarely bothered to attempt prosecution of arson offences. Public recognition of the value of this feature was instantaneous, with about 50 percent of the requests for information in 1925 coming from

police and fire departments, crown prosecutors and other public officials. The bureau demonstrated that evidence

unearthed by their qualified investigators would often reveal the cause of fires.

#### How It Was Done

In the famous Underwriters' Laboratories Building, on East Ohio street, near the Chicago River, a visitor to the tests would have found a massively-constructed, tile-lined chamber surmounted by a lofty structure of steel framework, pipes and cylinders. He would have seen some building column taken from the place of storage and carried by a traveling crane to the interior of the chamber, there to be bolted securely into place, and a multitude of refined heat and deformation apparatus adjusted. Then the opening would have been closed and the gas burners ignited. After a time the observer at the mica window would have seen the column begin to acquire color and then reach a dull glow from the long continued intensity of the heat. Meanwhile, the ponderous ram of the press would be exerting the steady pressure of imaginary loaded floors above. Perhaps as he watched the effect he might see cracks open up in the coating and then the slow fall of pieces here and there, exposing the black steel beneath. This steel, in turn, would begin to glow cherry red and finally to buckle under the tremendous pressure, thus proving its vulnerability.



*The CFUA utilized data from the Underwriters Laboratories. Here in the Chicago facility a ponderous structure was built to test fireproof columns.*

The following example illustrates how the bureau proceeded in one instance. Fire reports came repeatedly from a specific district in Toronto. The claims shared common characteristics — 100 to 500 percent over-insurance, cause unknown and no one at home at the time of the fire. The bureau carried out an exhaustive investigation of the suspicious conditions in the region and located an agent who represented several association companies. His agency, which had been cancelled a number of times, was directly or indirectly involved with most of these losses. He not only acted as agent, but also as adjuster for the insured party, for the company, notary, etc. The bureau established his direct link with five fires. The result of this investigation was made known to all companies who had paid



*W. E. Baldwin, CFUA President, 1924.*

losses in that district. They cancelled all the agent's policies as well as the agency. Fire losses thereafter showed a remarkable drop. The same agent also lost two suits against companies for losses which occurred prior to the investigation.

Bureau investigations were not without a humorous side: One of the bureau special agents was making a routine check on the fire record of two people with the same surname and initials. When he rang the doorbell he was met by a rather belligerent female who in not too graceful a manner asked, "What do you want?" The following conversation then place:

"Are you Mrs. John Brown?" "Yeah. So what?" "Did you and your husband live last year at 1000 1st Ave.?" "What do you want to know for, are you a cop?" "Did you have a fire there?" No answer. "You had a fire at your present address about two months ago, is that right?" "Yeah. So what, can't a man have a fire nowadays?" "We want to know if you are the same party that had a fire on 1000 1st Ave. so that we can keep our records straight." "For Pete's sake (language was stronger), you fellows are as dirty as the cops, you always want to make a fellow's record worse than it is. You can't do that I tell you, you can't do that. The fire was an accident. He set the one on 1st Ave. but I swear, so help me, this one was an accident." Exit the lady, shutting the door with a bang. The bureau increased the number of prosecutions and convictions for arson and other related crimes and saved money on fraudulent claims. While initially established at the expense of the CFUA, its overwhelming success prompted membership to be thrown open to all companies transacting fire insurance in Canada with a dominion or provincial license.

The name was changed to the Fire Underwriters' Investigation and Loss Information Bureau, whose mandate was:

...the repression of incendiarism and arson, including the apprehension, conviction and punishment of criminals guilty of that crime; the gathering and recording of statistics, establishment of such classification of hazards and losses and making such compilation thereof as may be in the interest of the Members, beneficial to the Public, and calculated to reduce the fire waste of the country.

Between 1920 and 1930, a solution was finally worked out to the problem of commissions. In February 1921, a special meeting was called to consider two communications from the Ontario Superintendent of Insurance, V. Evan Grey. He suggested set commissions for Toronto and the rest of Ontario, arguing that his plan would lower costs which could then be passed along to the public in the form of lower premium rates. Grey felt the time was right for the implementation of his plan because companies had "enjoyed a very favourable experience in the last three years in fire losses". He further suggested that provincial legislation in the matter might be helpful — if not inevitable.

The association was told that the likelihood of any legislative action being taken at the present session was slim. Members decided that settling the matter among themselves was preferable to being dictated to by an outside body. A committee was appointed to draft rules for the payment of commissions in Toronto, and in April, a special meeting was held to consider the committee's report. To the consternation of those present, the committee presented

no schedule of rates, having found it impossible to reach a consensus.

At the thirty-ninth annual meeting, President John Jenkins (Employers' Liability) tabled two letters, one from the Ontario superintendent of insurance suggesting that dwelling rates in Ontario were too high, and one from the attorney general of the province acting in his capacity as chairman of a select committee of the legislature to consider insurance matters. The latter commented on the lack of commission rules governing the transaction of association business in Toronto as distinct from the rules in the rest of the province. He charged that the Toronto commissions were unreasonably high and that they formed a very important element in the matter of insurance costs in Ontario. He observed the unfairness of Toronto agents and brokers receiving a higher rate of commission than was payable to the local agent in the place where the risk was situated. The attorney general concluded by reminding members that if they did not get their house in order, the job would be done for them.

In spite of this ultimatum, the matter remained unresolved. At the semi-annual meeting, December 1925, some rules for commissions to Toronto agents were passed by an overwhelming majority of 116 to 9. Among the dissenters was the British America-Western Group. At a special meeting in March 1926, Wilfred M. Cox, president of the group, offered a letter which read in part:

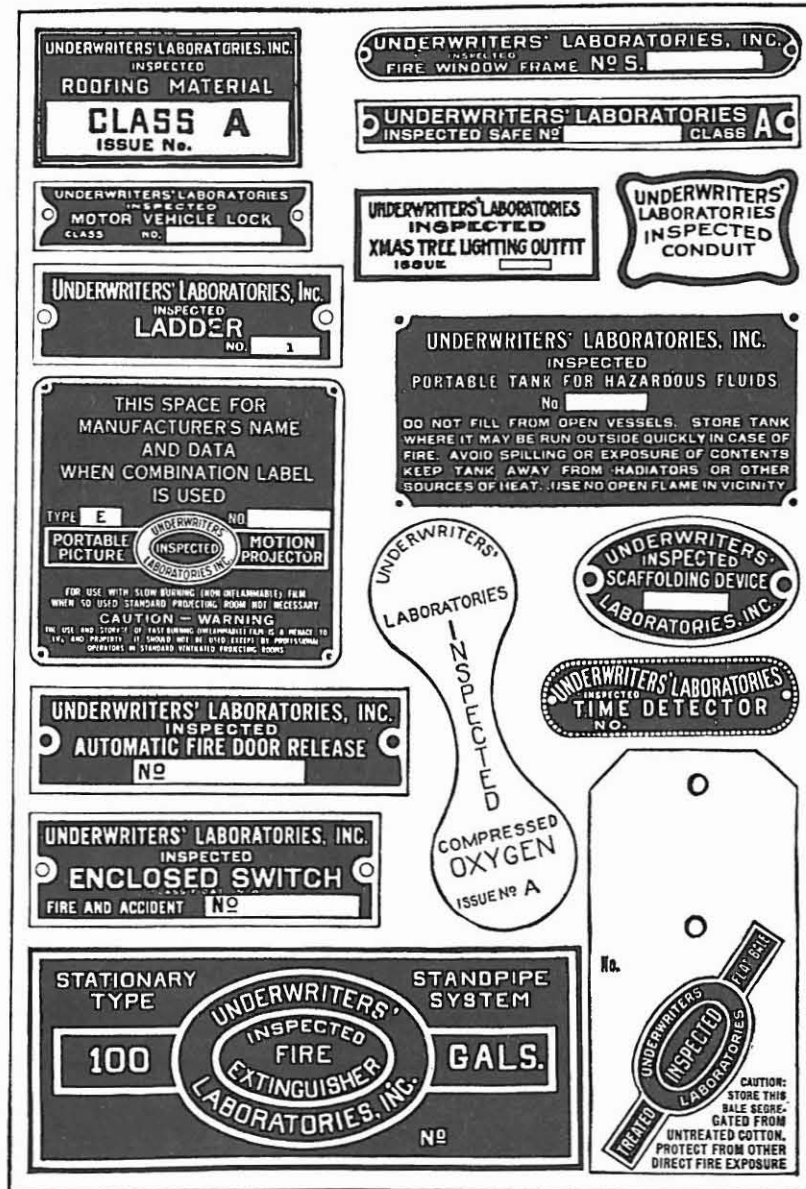
That the British-America was incorporated in 1833, the Western in 1851 with both Head Offices in

Toronto; that despite this and despite the fact that the writer was at the time a Vice-President of the Association, these Companies were not invited to attend the Montreal Conference and to explain their position; that it did not seem right that they should be expected to scrap agency connections made over a long period of years within the rules of the Association; that the rules passed by a large majority vote in 1922 were so defective that they had never been enforced, neither had they been withdrawn. He predicted that the same thing would happen to the present rules, i.e. that after disorga-

nizing agency connections, particularly those of his companies, built up over 75 and 90 years, they would be scrapped as unworkable. He also referred to the 'notoriously' bad situations as revealed by the alarming number of infractions which have been brought to light by the CFUA officers.

(Editor's note: At a March meeting, 20 to 30 pages of Minutes were taken up by infractions).

In view of the special position occupied by the Western Group, the association permitted them to pay unlimited commission to a total of four additional agents



A series of typical equipment labels from the Underwriters Laboratories.





*Wilfred M. Cox, CFUA President, 1928.*

who were already 'excepted agents' of other companies.

Increased competition in fire insurance affected agents as well as companies. An editorial on the subject describes the change in the pace of an agent's life brought about by this new intensity in the industry:

Formerly, when the representative of any leading fire company got a good line on his books, he simply had to call around with his receipts to collect the renewal premium. Those were pleasant days for the lucky agent of a first class company; he could take it easy when in town, or go off for a few weeks shooting or fishing, feeling that business on his books would not be interfered with. A decided change has come over the scene, and the fire man, like his life brother, has to hustle for business or else the 'other fellow' gets ahead of him. All sorts of devices are used to get a desirable line, some of them deserving of condemnation, while others display shrewdness and energy.

(*Insurance and Financial Chronicle*, March 12, 1928.)

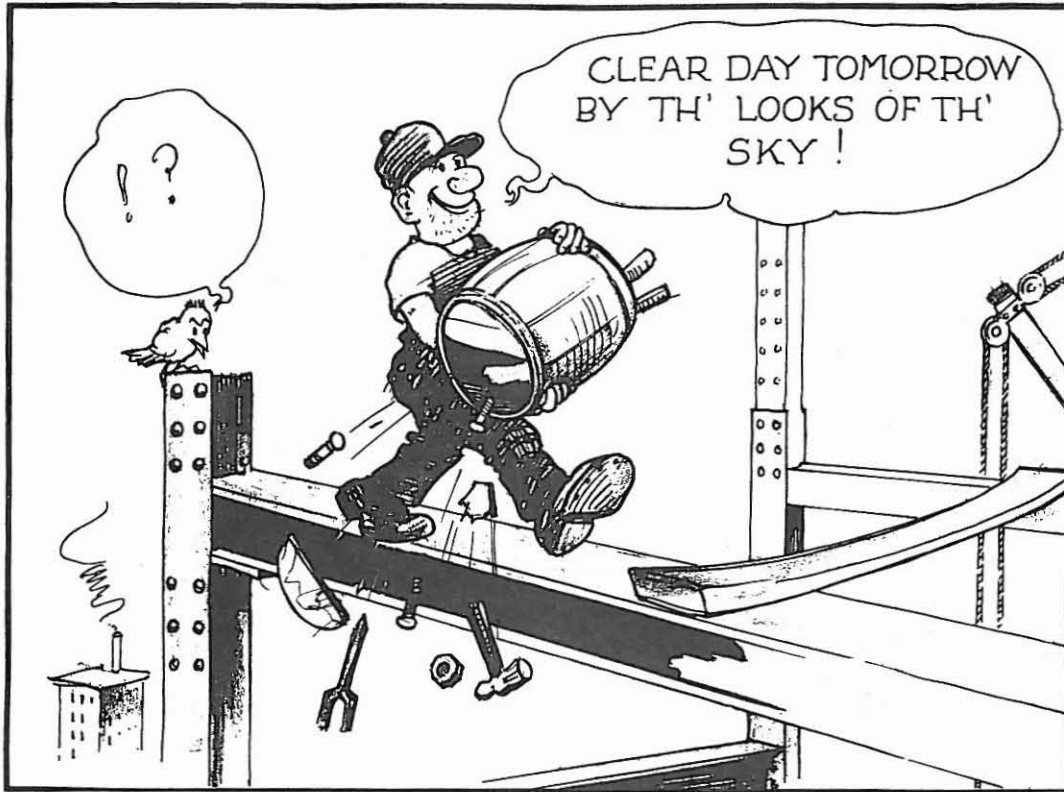


*J. W. Binnie, CFUA President, 1929.*

In 1926, the Dominion Board of Fire Underwriters was formed on the recommendations of the "Montreal Conference", a meeting in October 1925 of general managers of British companies and chief executives of American companies. The suggestion of a dominion-wide board was first debated in 1883, and members finally recognized it was "desirable in the general interests of Insurance in Canada that a supervisory or controlling Board for the whole Dominion be formed; composed of salaried Officials of Members and that a Special Committee be appointed to draft a Constitution and also consult all Companies and Members of the various Underwriters' Associations in Canada." A constitution was agreed upon and Arthur A. Stead (Secretary of the Western Canada Fire Underwriters' Association) was brought to Montreal to be its manager.

While the association continued to make positive strides in many fields, there remained problems to be resolved, including continued infractions. All sprinklered risk rates were published subject to line limits, with a view to giving a broad distribution with as many companies as possible participating. In 1920, the St. Paul Fire and Marine claimed its volume of premiums on sprinklered business was so trivial that it would no longer observe line limits. The company stated:

In view of the fact that we have derived absolutely no benefit from the rule all the years we have been a member of the Canadian Association, we feel that we will be better off out of the organization than in it. We are firmly convinced that if it comes to a question of membership in the Association and compliance with the Sprinklered Risk rule we will forego the Association.



With the compliments of

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OF CANADA

Accident and Sickness,  
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Burglary, Plate Glass,  
Electrical Machinery

1926

MAY

1926

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
						<b>1</b>
<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>
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<b>16</b>	<b>17</b>	<b>18</b>	<b>19</b>	<b>20</b>	<b>21</b>	<b>22</b>
<b>23</b> / 30	● / 31	<b>25</b>	<b>26</b>	<b>27</b>	<b>28</b>	<b>29</b>

Lyman Root, President of the Sun, wrote a lengthy letter to the Toronto representative of the St. Paul. He provided details of the early experience with sprinklered business, which read in part:

Many years ago, when the Assured were beginning to sprinkler their buildings, a few companies here in Toronto made up their minds that this Sprinklered business would be very desirable to place on their books. They therefore formed a bureau, limiting the membership, I think, to either five or six members. They established their plant, appointed their inspectors, made their own surveys and enjoyed for a time very considerable revenue with very little opposition except from unlicensed Companies. Other Companies were quick to see the advantage these Companies had and took up the matter with them of joining the Pool. The original Pool Companies were somewhat loath to let in other Companies, inasmuch as the business of course at that time was very limited, only a few risks being sprinklered. However, they consented to form a Pool or Bureau, allowing all Companies, members of the CFUA, to join, the absolute understanding being, however, that there would be a line limit, so that all Companies participating in the Sprinklered business would receive a fair amount of the business offering. On no other ground would the original Companies give up their private Bureau. So it was the new Bureau was formed and from that day to this we have gone, until today, of course, there is a very appreciable income from this class of business and it is divided amongst the various offices doing business here and not placed out as reinsurance in England or Russia or Germany or some other place.

The St. Paul responded by quoting the premiums they had received on this class year after year in each province (they were, more often than not, less than \$500) and said that, "It is our desire to abide by the rules of

any Association that we belong to when we get a square deal. If we cannot get fair treatment, then we will disobey the rules and openly avow it. We can carry on many risks \$100,000 net and to say that we shall only keep \$20,000 and to cede to companies who do not recognize us at all four-fifths of the time is absurd. We will not do it."

The assembled companies regretted this attitude and hoped a compromise could be reached. But W.E. Baldwin of the Continental was more forthright. He wrote to the manager of the Sprinklered Risks Department: "Re attached line limit declaration. Please do not send us any more of these. We have no intention of signing them while the St. Paul and other Companies are allowed to use the records of the Sprinklered Risks Department without observing the line limits." On receipt of a letter from the manager of the Sprinklered Risks Department, the Continental replied in part:

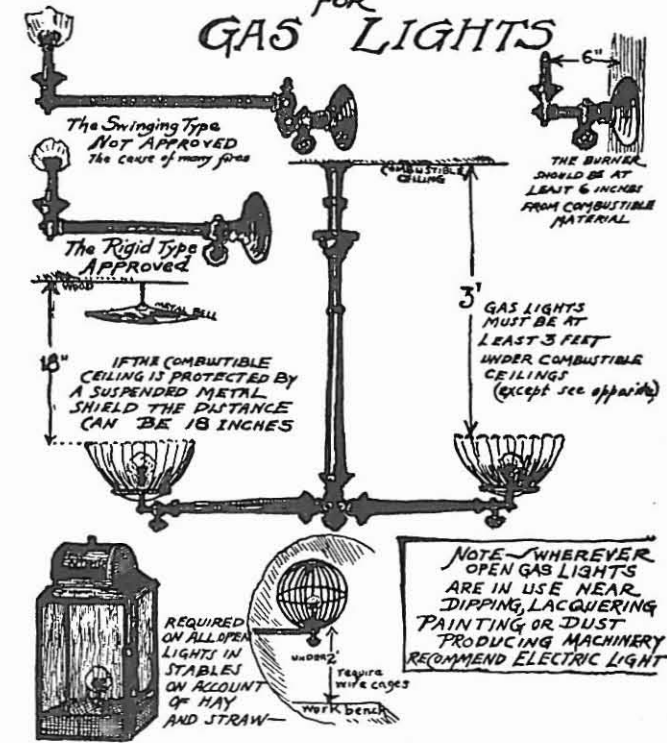
It will do no harm to have the name of our Office also included as one of those who refuse to make returns while other Companies are excepted from doing so. The annual meeting of the Sprinklered Committee has no terrors for us. When the writer got up and seconded Mr. Root's resolution to discipline this Company, the meeting declined to act but passed the usual vote of censure. Votes of censure did not hurt the offending Company and they will not hurt us. We have no respect for a Board where a Member is allowed to do as he pleases, and the other members, in annual meeting assembled, have not said enough to tell that Company to either adhere to the rules or resign. The matter remained unresolved until December 1923 when it was determined that the St. Paul, not having complied with CFUA's

ruling regarding line limits, should be deprived of rates, inspection reports and other matters applying to sprinklered risks. This seems contrary to the principle that a company could not withdraw from only one department of the association. It was not until 1929 that the full services of the association were restored to the St. Paul and Mercury, when it had pledged its intention to conform with the rules of the CFUA.

Another case that engaged much CFUA time and energy was that of the Niagara (Manager W.E. Findlay) and an agency in Hamilton, Ontario. It was alleged that the company paid this agency commission over and above that permitted by association rules. The member declined to answer the charge. In October 1927, following an interview with the permanent chairman, the company reported that its arrangements with this agency were now in accordance with the rules. Almost immediately afterwards, the company reported it had appointed this Hamilton agent as a Toronto excepted agent. The member refused to cancel the appointment "while the Toronto Commission Rules remained as at present" and it was not until June 1930 that Findlay advised the appointment had been cancelled.

In 1926, the CFUA faced another investigation into its business practices, on this occasion in Superior Court. George Tanguay, an insurance agent or broker in Montreal, claimed that the association was guilty of conspiracy in restraint of trade. He stated that the CFUA, an unincorporated body, enacted rules and regulations providing that no insurance agent licensed under the laws of Quebec was allowed to place

# STANDARDS FOR GAS LIGHTS



APPROVED STABLE LANTERN  
Copyright, G. A. Ins. Co.

insurance with the various insurance companies in Montreal without first obtaining permission from the association and the payment of an annual fee. He claimed he was prevented from placing risks with insurance companies in the city as a result of the illegal acts of the defendants. Tanguay was at the time of the action general agent for a non-tariff company. The company had applied to the association for registration, but its application was not acted on because the sponsoring company, learning he was an agent for a non-member company, withdrew its request.

The non-member company referred to was the Maryland which, under the management of Mr. Findlay of the Niagara, was admitted to membership in the association in March 1926, automatically making Tanguay eligible for the services of the latter. The defence claimed there had been no conspiracy in restraint of trade, that the plaintiff suffered

no damages, and asked that the action be dismissed with costs. Despite the efforts of at least one prominent Montreal general agent to support Tanguay's case and to harm the stand taken by the association, Mr. Justice Hall ruled the action was not directed against the association itself as a body conducted in violation of the Criminal Code provisions relating to combinations in restraint of trade. It was simply an action in damages against the three defendants named in the suit, viz.—Lewis Lany, president; J.W. Binnie, vice-president and Leonard Howgate, secretary-treasurer of the organization. He concluded:

In my opinion therefore, the extensive review of jurisprudence on the illegal conspiracies in restraint of trade made by appellant is entirely irrelevant to the present proceedings. The Canadian Fire Underwriters' Association does not come within the purview of Article 498 of the Criminal Code (Surveyor, J.) and is not an illegal association... Admitting

everything that appellant has said with regard to the inconvenience he has suffered, there is nothing remotely approaching an illegal conspiracy. The so-called 'tagging' of appellant's policies was, therefore, merely a routine report from office of the Association to the different companies.

(Insurance and Financial Chronicle, November 1, 1929.)

Problems in the fire insurance industry were not confined to central Canada. The agents in Western Canada had been concerned for some time about what they regarded as unfair competition from the east. In the prairie provinces, a non-intercourse rule was in effect, putting them at a great disadvantage in several respects. An Eastern broker could incorporate a Western Canada risk in a dominion-wide schedule or 'floater' at a rate "not relative to the proper schedule rates averaged over the various locations involved". He could further reduce the cost to the insured by placing part of the schedule with non-tariff companies.

Western companies also complained that their colleagues "write the line in the East without regard for the rights of the agents in this territory and without regard to the maximum brokerage of 10 percent established in our rules". There was no gainsaying the facts; the difficulty was to know how to make amends. The companies did not wish the non-intercourse rule abrogated, nor would they seek to do anything but uphold their Western agents, whose loyalty and sacrifice had made the rule enforceable.

On the other hand, what could be done, short of introducing a non-intercourse rule in the East — where it had long since been tried and found to be utterly impractic-

able — to prevent Eastern brokers placing lines as seemed expedient to them? Furthermore, in the competition for business, few, if any companies would place much faith in the strict observance of the 10 percent commission rule on the part of their competitors. The problem was passed to a special committee for consideration. On December 4, 1928, a committee from the Western Board came east, by invitation, to confer with the special committee and presented an admirably concise summary of the situation. They then stated the causes of the 'existing evils':

(1)

Disregard of the overhead writing rule and commission regulations of the WCFUA on the part of Eastern Company offices, either through ignorance or willful infractions.

(2)

The second cause, and the more serious one, is the absence of the separation rule (non-intercourse) in Ontario and Quebec. The report read in part:

While these two sources of existing evils are matters which primarily affect the Agents, this is distinctly a Company problem, for in the final analysis it is the Companies who are going to suffer if these evils are not remedied. If something is not done, Western Agents in self-defense are going to throw off their obligations to the Companies and demand freedom of action.

The remedies suggested were that Eastern company offices should familiarize themselves with, and absolutely observe, the overhead writing rules and commission regulations of the WCFUA, and secondly, that separation and overhead writing rules in Ontario and Quebec be introduced.

The report referred to work done by Walter Blackburn who in the

autumn of 1927, after spending some months in Ontario visiting agents, public officials, insurers, and holding meetings with company inspectors, made suggestions about the best ways of counteracting non-tariff competition, one being the introduction and enforcement of the 'separation rule'. He believed if agents were educated gradually to the acceptance of separation, the rule could be enforced. He suggested the best method of accomplishing separation would be by working in the various cities individually and having the request come from the agents.

The committee was granted the power to add to their number and continued to study the report in an attempt to arrive at solutions.

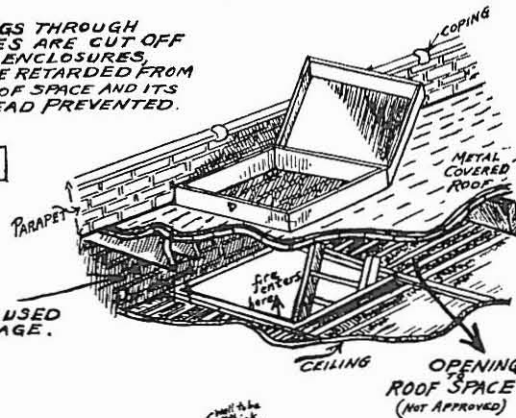
At the semi-annual meeting in December 1929, a gesture was made; in naming a rate for a schedule having items in another territory the board office was to use the rate applicable and to advise the other offices of the final rate named. There was also this ingenuous paragraph: "The Stamping Departments be instructed that the Brokerage Commission applicable to that portion of the premium which is produced by property in the territory of Western Canada is 10 percent". It may be questioned whether there was ever any hope or even honest intent that these recommendations would have the slightest effect on the evils they were supposed to address.

## STANDARDS FOR OPENINGS TO ROOF SPACE.

IF OPENINGS THROUGH ROOF SPACES ARE CUT OFF BY PROPER ENCLOSURES, FIRE WILL BE RETARDED FROM ENTERING ROOF SPACE AND ITS RAPID SPREAD PREVENTED.

NOT APPROVED

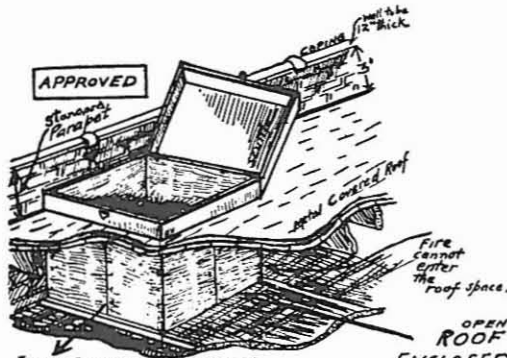
NOT TO BE USED FOR STORAGE.



APPROVED

INCOMBUSTIBLE MATERIAL (METAL LATH AND PLASTER OR PLASTER BOARDS).

OPENING TO ROOF SPACE ENCLOSED (APPROVED)



Copyright, 1916, G. A. Ins. Co.



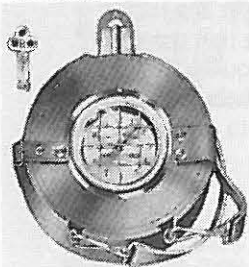
**Labelled Oily Waste Can**

Safest, cleanest and most convenient. Approved by National Board of Fire Underwriters.



**LaFrance Fire Bucket Tank**

Contains six fire buckets, each one instantly and automatically available. Clean and reliable protection for store, warehouse or factory in case of fire.



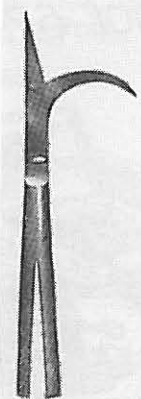
**Watchman's Clock**

Ensures efficient and regular patrolling of every factory, warehouse, or other industrial establishment in which it is located. A record maker and keeper.

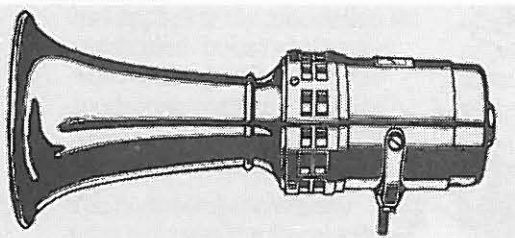


**Spanners and Hydrant Wrenches**

All LaFrance Tools are designed for long service and simplicity in use.



**Pike Poles, Axes and Crowbars**



**Siren Horns**

Well made and in every feature up to LaFrance brand of dependability. Operated by hand or electricity.

*Industrial fire-fighting equipment of the early 1920s.*

The Electrical Inspection Departments in both provinces continued their good work. The Quebec department had started slowly in the first decade of the century, and had been incorporated on January 1, 1915 as the Canadian Underwriters' Inspection Bureau Ltd. The principal office was located in Montreal, with branches operating in Quebec City, Sherbrooke and Three Rivers. Nearly 300 municipalities received compulsory inspection by the bureau before electrical connections could be made. Inspectors made occasional calls in numerous other towns. Fees charged for certificates allowed the bureau of 29 people to be almost self-sufficient.

Relations with the power companies, the municipalities, fire departments and the Electric Service Commission of Montreal remained excellent. In 1928, the Quebec provincial government passed an act placing inspection of all electrical installations and the approval of all materials and devices used in electrical installations under its control after June 1st. Before third reading, a delegation from the association interviewed Quebec Premier Alexandre Taschereau, and one of his ministers, and was assured that the bill was not intended to do away with the bureau. Shortly afterwards, the government decided there was not room for both of them, and declared the bureau must be abolished. The association attempted to extract some indemnity from the government to provide for the proper disposal of the staff, leases, etc. on such short notice. It is not recorded whether this was entirely successful. The government did take over 14 staff members, while the Chief Electrical Inspector and two other employees were retained by the association. The rest found positions elsewhere.

The Underwriters' Laboratories of Canada was incorporated under a dominion charter on August 15, 1920. For a few months there was some difficulty with regard to the personnel of the directorate. The association insisted the majority should be Canadian and finally won its point. The purposes and objects of the Underwriters' Laboratories of Canada were described in the charter: "To establish and maintain laboratories and an inspection service for the examination and testing of appliances and devices and to enter into contracts with the owners and manufacturers of such appliances and devices respecting the recommendation thereof to insurance organizations and others".

The Underwriters' Laboratories of Canada Inc. reported in 1928 that three inspectors were working full-time, and four outside Toronto on a part-time basis.

The Montreal agency had one full-time inspector and two part-timers. That year, the association granted financial support for the establishment of a testing station and laboratory in Canada. The work of the Underwriters' Laboratories included tests such as the following on a fire door:

The object of a fire door is to re-create the walls in a building, where an opening occurs, thereby forming a fire cut-off and confining the fire to the section of the building in which it originated...The Manufacturer sends his door to the Underwriters' Laboratories and it is tested under exactly the same conditions as it would have to withstand in the case of a fire...The fire door is set up in a brick wall which is slung on a travelling crane and this wall is put into a gas furnace and the door is subjected to exactly the same heat and flame conditions that it would have to withstand in a conflagration...After a certain time, which is gauged, approximately, by the time necessary for a standard building to burn, the fire door is taken out on the crane

and subjected to a water test from a standard fire hose and if it stands up under this test, as it would have to stand up under ordinary conditions in a fire, it then receives the Underwriters' label, and in order that the public may be assured that every door they buy from the manufacturer will be up to the standard passed by the original door, which has been subjected to the test, every door which the manufacturer makes, is inspected by the Underwriters' Laboratories inspector to see that it is made in exactly the same way and contains exactly the same material which was in the original door submitted to the Underwriters' Laboratories for the test.

(Monetary Times, June 1, 1928.)

Other products tested included sprinkler heads, sprinkler systems, automobile locks, automobile bumpers, roofing materials, fire-proof safes, flooring supplies, electrical equipment and fire hoses.

On March 11, 1927, Alfred William Hadrill died at the age of seventy-eight. Hadrill was one of the most notable figures in the business. He served as secretary of the Montreal Branch of the association from 1883 and had previously been secretary of the Montreal Insurance Exchange. He retired in 1924 with pension from his position as the permanent chairman of the Executive Committee. He consistently acted with perfect impartiality in his dealings with both the public and association members, and had the invaluable qualities of tact and diplomacy. The association recorded in its minutes that, "his devotion to high principle, justice, and uprightness of purpose, carried out with such marked efficiency, secured the respect and personal regard of all Members".

In 1927, Robert Lynch Stailing stated the greatest burden confronting the association was no longer the loss ratio, but the expense ratio:

As late as 1910 the average expense ratio was only about 33 percent. Today it is nearer 43 percent. It is easy to put one's finger on the elements which account for this increased expense ratio, but extremely difficult to control them. It is true that there has been some justifiable increase in commissions, that board dues, salaries, travelling expense, rents and the costs of supplies have increased, but the element which is most largely responsible for the marked increase in expense is taxes. Prior to the Great War the taxes and government fees which the companies had to pay were quite nominal and levied only for the administration expenses of the various insurance departments. Today fire insurance companies are taxed by the Federal Government, the Provincial Government and by many municipalities to an extent of at least 5 percent of their premium income.

(Monetary Times, July 1, 1927.)

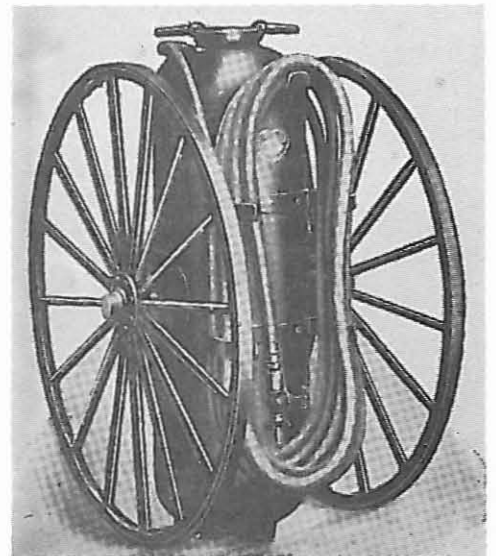
The 1920s constituted an eventful period in the progress of the Canadian Fire Underwriters' Association. Accomplishments included the introduction of general stamping; the formation of the Underwriters' Investigation Bureau, the Dominion Board and the Underwriters' Laboratories of Canada; an increase in membership; simplification of rules; amendment of the Constitution (1929); and a decrease in the average rate of premiums. The Montreal Conference had, temporarily at least, solved commission problems; liaison was established between the two branches by the

appointment of John A. Robertson as permanent chairman; a troublesome lawsuit was won; and the inspection departments of the association were enlarged to keep pace with the general growth of the country. In short, the future looked promising for the CFUA.

In assessing the general position of the association at the 46th annual meeting, J.W. Binnie stated:

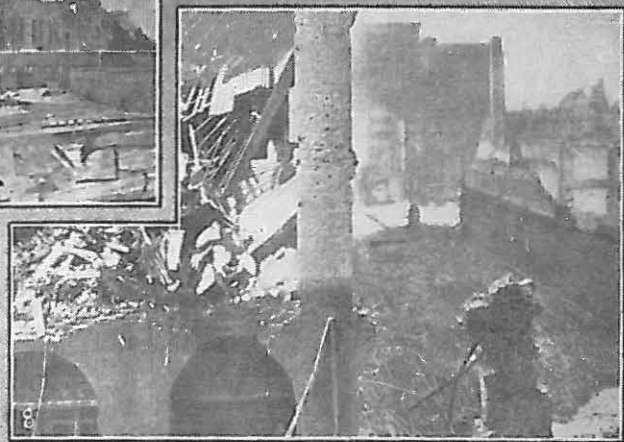
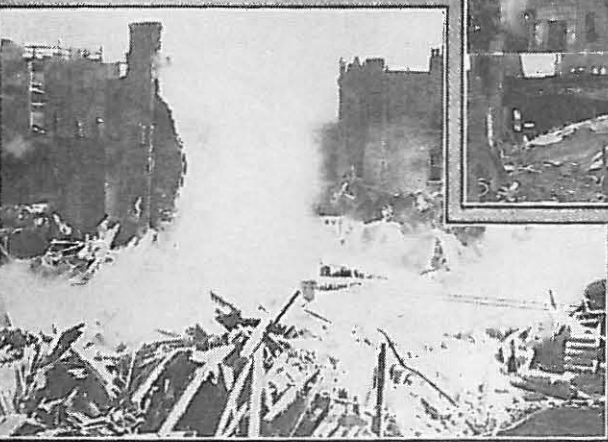
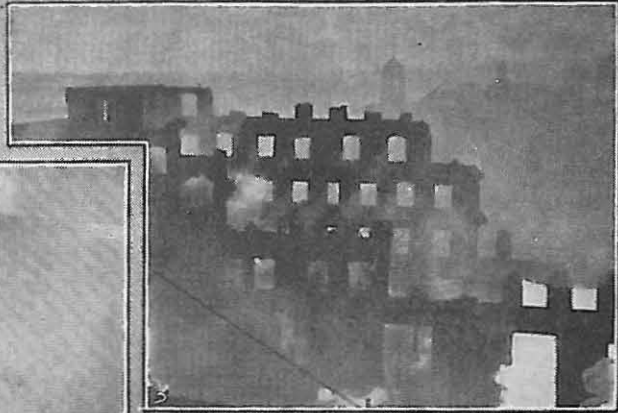
We have been favoured with another year of profitable results as a whole to the Companies and while we may not expect an unbroken continuance of such favourable loss experience, we have every reason to look forward to the future with confidence... May I express a feeling, which I am sure we all share, of cheerfulness and gratitude for continued prosperity and optimism surrounding the business and industrial condition of our country.

These optimistic remarks were delivered in June 1929, only months before the stock market collapse that signalled the beginning of the Great Depression.



### Chemical Fire Engine

Safe, durable, reliable and efficient. Upon request, we will send an interesting circular describing this indispensable piece of fire-fighting apparatus for manufacturing plants, railroads, warehouses, public buildings and private property of all kinds.



1. Fire insurance is not enough. The owner's rents do not come in until the property has been rebuilt and re-let.
2. Property is a safe investment only when insured against fire and when it is also protected by a rental value policy.
3. The after-the-fire loss is what rental value covers.
4. Rental coverage is the best safeguard for the property owners.

5. A whole row of properties was wiped out here. It was to be hoped the protection covered all losses up to re-occupancy.
6. The building and its rental income—complete protection.
7. Rental value insurance is the best protection in a case like this.
8. Fire insurance and rental value insurance go hand in hand.