

# GROWING PAINS

(1900-1910)

In the closing years of the 19th century, Canada enjoyed an economic boom unparalleled in its history. The turn of the century brought with it promise so great that Prime Minister Wilfrid Laurier remarked that "the twentieth century belongs to Canada". The future of the fire insurance industry in this country was, however, less than optimistic as the Canadian Fire Underwriters' Association faced new external and internal threats.

At the regular quarterly meeting in 1900, association representatives reported the industry was losing money, and decisive action had to be taken quickly in order to reverse the trend. Fire losses rose from \$3,905,000 in 1891 to

\$4,701,000 by 1897. This figure almost doubled in 1900, when losses reached \$7,774,000, exhausting an astonishing 93.31 percent of the total revenues collected.

Despite the CFUA's best efforts in encouraging municipalities to increase firefighting equipment, its suggestions often fell on deaf ears. As a last resort, the association increased the rates charged to cities that failed to act on its recommendations. The rate increases were invariably met with bitter resentment and loud protests. In 1896, the association decided to increase Hamilton's rate after the city neglected to put

recommended fire apparatus improvements in force. Hamilton merchants and the city council felt their city was adequately protected, and balked at the idea of allocating large sums of money for improvements. In opposition to the rate increase, they unsuccessfully sought to have the provincial government intervene in the rate-setting process.

*Petrolia, Ontario's Andes Fire Company, seen about 1890. Fire horses were trained to run from the stable to the fire hall unattended and to back themselves into harness. The steam water pumper weighed six tons.*



About the same time, the association dropped Guelph from Class A to Class C as its firefighting equipment no longer provided adequate protection. As in Hamilton, the citizens of Guelph were infuriated. A local paper condemned the action of the "dictatorial insurance companies".

Complaints over the association's rate-setting practices were numerous, ranging from monopolism to undemocratic business practices. In both Hamilton and Guelph, the association took extreme measures because it felt those cities were wide open to the threat of serious fire. This increased risk had to be accompanied by a corresponding increase in the insurance rates. The association's aim was to protect cities from the threat of fires such as the three which struck Toronto in 1895. Toronto merchants and city council had also believed their protection was adequate, but the 1895 fires had made the dangerous conditions created by inadequate water pressure obvious. The Toronto fires were not isolated incidents, but part of a trend toward major disasters in the growing urban centres.

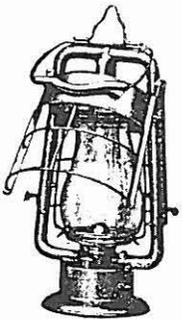
In an effort to remedy a deteriorating situation, the Canadian Fire Underwriters' Association decided to concentrate its efforts on districts where fires broke out as a result of congestion. A revised rating system had to be implemented to accomplish this, and premiums were raised on hazardous risks.

Under the old system of minimum tariff, in effect since the founding of the association in 1883, towns were rated in accordance with the adequacy of their firefighting equipment. While it worked well in the beginning, this practice provided no incentive to improve the level of safety in individual risks. For example, under minimum tariff there was no distinction in rating a building that was two storeys tall with ample self-contained fire protection, or a second that stood five storeys tall with no protection. In addition, there was the problem of insuring risks of differing values.

In response to the problems arising out of the outmoded system, the Canadian Fire Underwriters' Association decided to move toward a more exacting, scientific form of rating. In 1901, the association decided to employ specific rating based on the Universal Mercantile Schedule in the United States. This system judged risks on an individual basis as described below:

...the fixing of a basis rate adequate to the hazards of a standard structure of each class and adding thereto for any deficiencies that may present themselves in the inspections of risks. In this case each risk stands upon its own merit and is rated as it approximates to or departs from the standards of its class. As deficiencies are charged for in making up the rate, so credit is given when such deficiency is removed until the basis rate is reached.

(Insurance and Financial Chronicle, January 23, 1903.)



**Dietz Fire  
Department Lantern**

Strongly built and altogether the most dependable lantern for use by fire departments, watchmen and others having need of a lantern.

This new system encouraged the risk owner to improve the level of safety of his building. By bringing his risk up to a higher standard, he could save money on his insurance premium.

The CFUA was generally congratulated for this major achievement as the following excerpt from the *Insurance and Financial Chronicle* indicates:

The Association is to be heartily commended in making the change, it is true of a somewhat radical nature, but one which evidences that the Canadian Fire Underwriters' Association is keeping pace with the times, and striving to improve the character of the business and the results to the companies members thereof. In addition to the correctness and adequacy of the ratings, an equally if not more important point of advantage is that under such a system as

outlined, improvements in risk are met by commensurate reductions in rates, but such reductions are dependent upon the physical improvement of the risks themselves.

(*Insurance and Financial Chronicle*, April 19, 1901.)

The introduction of the new rating system in 1901 did not immediately reverse the critical situation that menaced the entire industry. Nagging problems persisted. The city of Quebec had been a source of concern for some time, suffering from numerous fires in the nineteenth century. Frequent breaks in the water mains left the city without water for extended periods and municipal authorities were unwilling to take corrective measures. A committee, accompanied by Mr. Howe, the association inspector,

was dispatched to meet with the mayor and council of Quebec. Although the delegation had the support of the Board of Trade, and it was obvious to all that the water system might fail during a fire (as happened in the Quebec fire of 1899), the mayor stubbornly refused to allocate funds to improve the water supply. This decision left the association with no alternative but to substantially increase the city's insurance rate to cover the increased risk.

Prodded into action by the association's penalty, Quebec City did take some steps, claiming to have spent over \$100,000 in 1904. The improvements were, however, largely superficial, and rates remained at the same level. In fact, the association's treatment of Quebec was lenient, as



*The breeding ground of a conflagration: wooden dwellings and shacks standing huddled together on the outskirts of every large Canadian city and forming the entire residential areas of less important towns, circa 1900.*



*Ruins of a Toronto fire.*

demonstrated in 1904 when two district warehouses were destroyed by fire arising directly from mismanagement of the city fire brigade. This resulted in another general increase which amounted to 20 percent in some sections.

The Quebec fire was not the worst incident of the year. In the spring of 1904, a disastrous fire broke out that would have the dubious distinction of being the worst in Canada up to that time.

On April 19 and 20 a major conflagration swept through downtown Toronto. Historian Frederick Armstrong, in his analysis of the Second Great Fire of Toronto (the first had occurred in 1849) blamed construction innovations. These allowed the size of downtown buildings to increase while improvements in fire safety lagged behind. Architectural changes had made roofs easy

prey for burning brands scattered by gusting winds. The lack of internal fire walls allowed the fire to spread almost unimpeded. In addition to architectural flaws, the proliferation of overhead wires presented great problems. Telegraph, telephone, electrical and trolley wires criss-crossed the downtown streets. These wires prevented firemen from raising their ladders quickly, and they conducted flames from building to building as the insulation burned. The fire, aided by bad weather, poor building construction and some unfortunate decisions by the fire department, raged for two days before it could be extinguished.

The disaster prompted a special meeting of the association on April 21, when members voted to increase the rates for Toronto, London, Hamilton and Winnipeg immediately. The members simply

felt that they could no longer afford half-measures. The Winnipeg board, which had wired word of its intention to send a delegate to discuss rates, was directed to forego discussion and to implement the higher rates at once.

While this may seem reactionary, it must be realized that the 1904 fire caused property losses of \$12,000,000 (of which \$8,500,000 was covered by insurance), against an annual Toronto premium income of \$600,000. In other words, this one fire consumed over fourteen years of premium receipts.

The problems encountered by the association continued to arise chiefly from the unwillingness of municipalities to put improvements in place. In March 1901, Mr. Howe had travelled to Montreal where he laid out recommendations to bring the city up to an acceptable standard. In the spring

of 1903, the city requested a rate reduction on the basis of improvements that had been carried out and others that were proposed. Association representatives replied that because only a small number of Mr. Howe's requirements had actually been fulfilled, they regarded the situation with much uneasiness, especially since proposals for future improvements remained vague.

The president of the association, James McGregor (Commercial Union), explained that, as citizens, the members regretted the heavy tax that present rates placed on the mercantile community. But the continuing apathy of the council and the general public left the association with no other choice: "Not only had the Companies suffered severely through the numerous fires in the city, but facilities for insurance arrangements had been seriously restricted owing to the city's record and a general distrust as to the adequacy of its appliances and the capabilities of the Fire Department".

In 1904 the mayor and aldermen tried a new strategy, this time by

means of a lengthy memorandum addressed to the Board of Trade detailing improvements that had been carried out. Having heard only one side of the story, the Board of Trade was impressed, and urged the association to undertake immediate action to reduce the insurance rates of the city. Mr. Howe and a committee of members prepared an extensive reply to the memorandum presented to the Board of Trade. The committee dealt with each statement in turn and concluded by promising that if, after reading the report, the city council still wished for a conference, the association would gladly meet the request. Two of Mr. Howe's replies exemplify the tough line assumed by the association.

When the mayor said that fire brigade personnel had been greatly improved, Mr. Howe responded, "It is not our desire to enter upon any criticism as to the personnel of the department, but it is to be questioned whether the brigade is to be congratulated on the handling of some of the larger fires which have occurred during the current year."

The mayor suggested there would soon be two water towers instead of one, to which Howe replied: "The first water tower had been damaged six years ago and though the money was voted for repairs and the new parts purchased, it had been allowed to remain in its useless condition since. It is hoped that the new arrangements to sell the old tower and purchase a new one will have a more prompt fruition."

Three years later, the CFUA secretary wrote to the city council of Montreal. His correspondence was prompted by a serious breakdown in the waterworks following numerous fires that caused aggregate losses between two and three million dollars in a six



*(Left) Living quarters at the rear of a Toronto block of business structures; (Right), Fire breeding conditions in a Canadian village. These pictures were taken by fire inspectors circa 1900.*

months period. He outlined the work to be completed and asked the council to pledge itself to complete improvements by the dates specified or face the consequences. A non-committal reply issued by the council lulled the association into a false sense of security, and the surcharge was removed.

There were other — more encouraging — examples. In London, following implementation of recommended improvements, the key rate was reduced in 1910. Sault St. Marie's surcharge was removed in 1905 and Ottawa's reduced in 1903 and again in 1906.

The association provided every incentive in its power to encourage municipalities to improve their conditions. Copies of applicable key rates were sent to them with suggestions about how rates could be reduced and, whenever possible, an inspector was sent to a town that had been re-rated to provide explanations and correct errors. It was only through the united action of the associated companies that anything could be done to determine a realistic rate on a "cause and effect" basis and to protect all citizens (insured or not), by forcing municipalities to provide better protection.

This was much the same message delivered in a 1905 editorial: Rates must be governed by results, and these results are affected by unforeseen calamities, such as the recent conflagrations at Hull, Toronto and many other cities. By consultation with the Underwriters' Association, these calamities are largely minimized; the exposure hazard has been lessened, and the public finds today that they are working in their own best interest in carrying out the

recommendations of the association. Profits in fire insurance are not necessarily dependent upon either high or low rates, but by the rates being commensurate with the hazard, and if, as we are inclined to think, this is beginning to be clearly understood, the life of the association, so far, has not been in vain, and is well worthy of the most loyal support of every fire insurance company, as well as of the public generally. (Insurance and Financial Chronicle, June 23, 1905.)

The movement toward specific rating was only one of the changes the Canadian Fire Underwriters' Association had to make in the first decade of the 20th century to ensure its survival. During this period there was some concern that while the number of attractive sprinklered risks increased, tariff companies were not receiving their share.

A sprinklered risk was a building equipped with an automatic sprinkler system consisting of a network of pipes suspended from the ceiling with sprinkler heads placed at regular intervals. The system often had two water sources — one was attached to the city water main and the other to two or more large tanks in the building. When exposed to heat, the sprinklers opened automatically to extinguish fires, and their value in fire prevention made any building so equipped an excellent risk.

After a careful study of the problem in 1902, the Eastern Committee found that rates established by the association precluded both attraction of newly-equipped risks and retention of existing



*T. L. Morissey, outspoken Manager of the Union of London, became CFUA President in 1908.*

business. In order to counteract this problem, the secretary was instructed "to fix such rates as will, in his judgement, secure the business for member companies when, in his judgement it is desirable to do so". In 1904, the Montreal secretary reported that certain risks south of Notre Dame Street could not be retained unless he provided rates that would affect those on similar risks in the district. During the ensuing association meeting, some members moved that "the Secretary is to rate them at such a rate and form that will secure the risks for members". Other members feared the ramifications of such preferential treatment and the motion was lost.

In 1905, some association companies formed themselves into a Sprinklered Risks Investigation Bureau with a formal constitution. The rates were, however, still formulated by the secretary. In 1907, the bureau formally gave way to a separate department within the association. During the summer of that year, C.L. Schofield was appointed manager of the new department, a position he retained until his retirement in 1935. He was based in Montreal where two inspectors assisted him, while in Toronto there was one chief inspector and an assistant.

The work carried out under the auspices of this department came under three general headings: engineering, rating and inspection. The department inspected unsprinklered risks, drew up plans and laid out specifications for the installation of sprinklers and other protective measures. Under this system, estimates of sprinklered companies included



everything required by the underwriters, whereas before many omissions were charged to insureds at a later date as 'extras'. This, combined with the inspection service of sprinklered risks, issuance of advisory circulars and rating carried out by specially-trained and experienced men, had an immediate effect. Not only did member companies secure the insurance on most newly-sprinklered risks, but others previously lost were recovered.

Despite these victories, the fire insurance industry still fought an uphill battle. In 1909, the gravity of mutual problems prompted differences to be laid aside. That year, most insurance companies



conducting business in Canada joined together to form the All Canadian Insurance Federation. The real impetus to federate had arisen from the government's proposed changes to the Insurance Act (1868). The most serious amendment involved a clause which, under certain circumstances, would allow companies not complying with legal requirements for deposits, reserves and supervision to conduct business in Canada. This measure would have effectively legalized 'underground underwriting', a long-time enemy of the association.

As the name implied, the All Canadian Insurance Federation was an organization of insurance companies from across the country that joined together to "make a unified effort to obtain fair legislation at Ottawa". A contemporary description shows its membership to have included:

...all licensed companies, whether tariff, non-tariff or mutual, their agents, stockholders and all persons who take an active interest in the maintenance and upbuilding of sound, strong and solvent institutions, whose indemnity is a necessary requirement for the carrying on of Canadian trade and commerce. (Monetary Times, November 6, 1909.)

The basic aims of the newly-formed federation were threefold:

(1)  
To endeavour to have the Insurance Act of Canada so amended to make it workable, while at the same time protecting the interests of capital invested in the business against the competition of unlicensed foreign companies and individuals.

(2)  
To form a committee, whose duty it shall be to watch closely the introduction, from time to time of legislation, prejudicial to insurance rates.



*Reid's Crystal Hall collapsed at London, Ontario July 16, 1907; eight persons were crushed to death.*

(3)

To use every legitimate effort to secure and preserve the insurance business of Canada for the regularly licensed companies.

Federation spokesmen complained there was no limit to rate undercutting by unlicensed foreign companies. Some manufacturers, who had lobbied for freedom to place insurance with whatever company they pleased, were blinded by the low premiums offered, failing to understand the long-term consequences. Because of cut-rate premiums, irresponsible foreign companies could not expect to remain in business very long. But because they fell outside government jurisdiction and had no Canadian reserves, there could be no guarantees that they would be able or willing to pay major claims.

The companies in the federation, many also members of the Canadian Fire Underwriters' Association, protested they could not afford to lose policies that were

being placed outside the country. In fact, during the first decade of the 20th century, fire insurance companies operating in Canada reported little or no profit. The federation further argued that placing insurance with Canadian companies would yield additional benefits to the domestic economy. Licensed Canadian companies paid taxes on their income to the provincial governments, taxes to municipalities, made contributions for the maintenance of the Insurance Department in Ottawa and employed many Canadians in their offices. The underground underwriters returned nothing to this country.

The federation also argued that regulations of the 1868 Insurance Act were not applied equally to all companies. The government's decision to regulate the industry had been made in the public interest. The government therefore had a responsibility to enforce the regulations of the act and not turn a blind eye to Ameri-

can operations. This view was expressed in the *Monetary Times*:

...it should be applied to all absolutely alike, and that if a company declines to come to Canada through the front door, refuses to submit itself for examination, refuses to make the required deposit, it should be made impossible for anyone to act as an agent or in any other capacity for that company.

(*Monetary Times*, November 6, 1909.)

The federation, with its strong contingent of tariff companies, continued for many years to look out for the interests of the indigenous insurance firms.

At the turn of the century T.L. Morissey, a colourful and forceful man, was manager of the Union of London. Convinced that adherence to association's rules was lax, he took startling and unorthodox steps to bring this fact to the attention of his colleagues. When called on to cancel the insurance on a risk at Kingston which was written below tariff levels, Morissey refused and wrote a lengthy report admitting the infraction, justifying his behaviour on grounds that the rules were being blatantly violated by others. Morissey's charge was not without foundation. Several companies were yielding to the temptation to offer policies below tariff prices to compete with non-tariff companies. Enforcement of rules presented obvious difficulties in a voluntary organization.

A small committee appointed to discuss the matter with Morissey reported it was satisfied he had acted on a sincere motive, and another committee was struck to investigate the irregularities immediately. At the same time, the association also insisted the questionable policies written by Morissey be cancelled at once.

He declined to do this, stating his "understanding to be that as soon as all companies expressed their willingness to cancel all business accepted contrary to tariff, then we would cancel." He later added, "Since writing you such further evidence of perfidy on the part of members of the association has come under our notice that to carry out the will of these same members who sat in judgement would seem nothing short of ridiculous."

The matter was finally referred to a committee (under the chairmanship of George Foster, K.C.) that agreed Morissey had sufficient grounds for his accusations. Feeling he had made his point, he cancelled his policies. But it wasn't long before he again raised a crusading banner and did battle in another field.

Unrelenting in his criticisms of lax rule observance, Morissey returned to the fray in 1909. He charged at one meeting that association rules were being broken freely and, in support, one member cited examples in Berlin, (Kitchener), Ontario and Rimouski, Quebec. The secretaries were instructed to have all business at both places examined. Berlin was found to be very bad. The Mercantile had 35 infractions out of 50 risks; the North America 49 out of 58; and the Union 38 out of 42. In Rimouski, there were fewer risks but about one quarter of them were written contrary to the tariff. The members must have been shocked by the report because a special committee was appointed to consider the feasibility of a stamping system for both provinces. Cancellation of all irregular policies was ordered, but two months later a special

meeting was called because the Union had still not complied with the directive.

The president waited to hear what the members had to say. Everyone expected to hear from Morissey but he sat in silence, waiting for those who called the meeting to do the talking. Later, when asked if he would care to explain his position, he blandly answered "no." The following resolution was subsequently passed: "That in view of the failure of the Union Assurance Society to comply with the ruling of the association...the Board now adjourns until called together by the President".

Nearly three months later, on August 24 another special meeting was called as there had been many complaints "of the fact that no meetings could be held, and that the work of the association was being seriously impeded by this condition of affairs". A long letter from Morissey summarizing the investigation of Berlin and Rimouski was read and printed in the minutes.

"What," he asked, "does the association do about it? Order that the risks written at Berlin and Rimouski at less than tariff be cancelled! In vain did I protest that if it was desirable...that risks written at less than tariff at Berlin and Rimouski be cancelled, it was equally desirable...that risks written anywhere at less than tariff be cancelled."

A committee was ordered to look into the correspondence and report at the afternoon session. This was done. Morissey's statements were considered one by one, but cancellation was still required. The report ended as follows:

In any association such as ours something of individual independence must be given up for the general good, and unless this is recognized by all members the usefulness of the association must be seriously injured, and its continued existence made impossible.

Morissey felt he had made his point and, to the relief of the committee, agreed to cancel his policies. This persistent and willful individual employed radical methods to focus attention on unacceptable practices. While prepared to go to great lengths to press for his goals, he stopped short of action that might shatter the CFUA.

Another problem the association addressed itself to was the non-intercourse ruling, prohibiting members from dealing with agents who also placed business with non-tariff companies. The need to draft such a rule grew out of increased competition from non-tariff companies late in the 1890s. An association inspector pinpointed the problem when he observed that as soon as a factory had followed his recommendations for the improvement of the risk, some non-tariff company, doing nothing to promote improvements, would go after the business. Non-tariff companies were securing excellent risks without the expense of inspecting and establishing programs for upgrading.

In 1899, the Toronto schedule rating inspector provided a list of Ontario towns where no tariff insurance had been carried for several years adding, "It really seems a waste of time and useless expense in inspecting them year after year solely for the benefit of the non-tariff companies." The

following resolution was passed at the 16th annual meeting:

That from and after the second day of October next, no agent of any Company, a member of this Association, shall be permitted to represent any Non-tariff Office, nor to be interested, directly or indirectly, in the business of the agency of any such company, Mutual Companies only excluded.

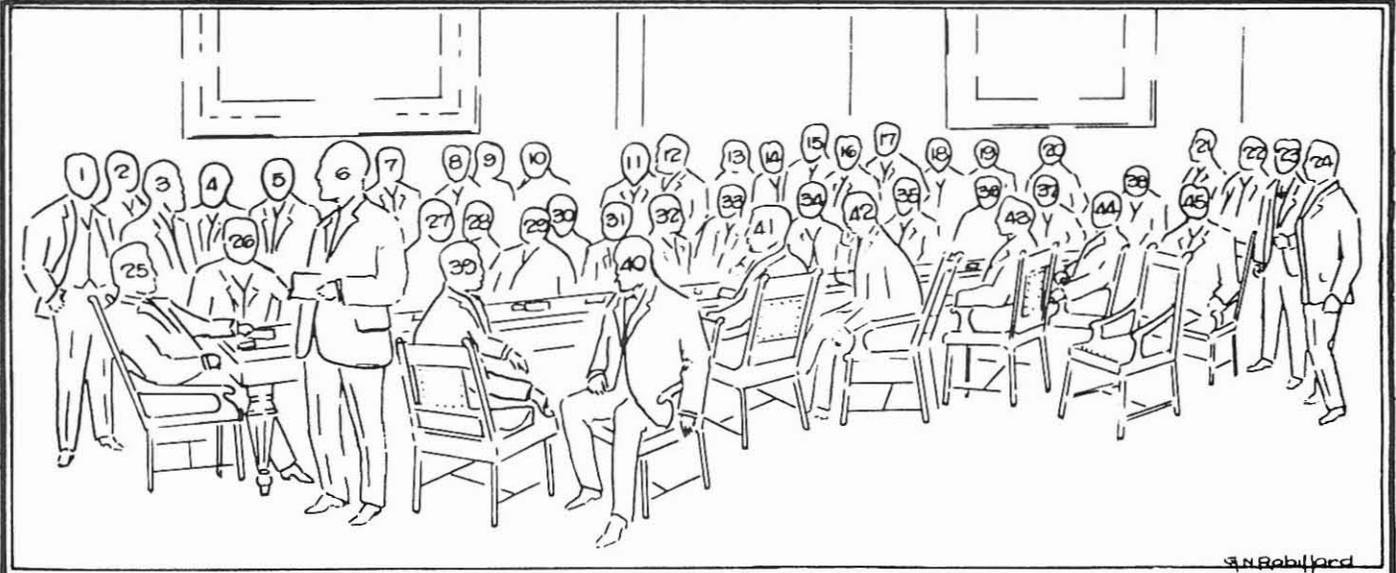
The experiment started out well and a proposal from the Hamilton agents suggested it be extended to mutuals. In 1900 only a few agencies had not been brought into line. Problems then began to emerge, when companies once more accepted non-tariff business through their agents. In 1901 the western secretary made a personal investigation of some cases and actually saw non-tariff receipts issued by agents. But when companies were asked to withdraw from the agency, they flatly refused. In October, further complaints were made about the observance of the rule and "the reluctance of Companies to individually censure or discipline an agent was very marked". That was the crux of the matter. With half-a-dozen companies in an agency, which one was going to risk its position by taking a firm stand? The rule remained on the books for some years and sporadic attempts were made to enforce it. In February 1909, a committee was established to discuss formulation of a new and workable non-intercourse rule.

The issue of agents' commissions had never been satisfactorily resolved, and by 1901, it was clear that the 1899 compromise would no longer work. That year the Law Union and Crown officially requested permission to appoint a special agent with no restrictions on commissions. Although this proposal met with some support, the majority of the Montreal committee opposed it and the request was refused. Two years later, the general manager



TORONTO BOARD OF FIRE UNDERWRITERS, 1905.

- |   |   |
|---|---|
| 1 A F Jones ----- <i>North America</i>                | 24 T H Mason --- <i>Norwich Union</i>                   |
| 2 G H Muntz --- <i>Queen</i>                          | 25 Geo R Hargraff -- <i>Commercial Union</i>            |
| 3 John Maughan -- <i>Hartford</i>                     | 26 John A Robertson -- <i>Secretary</i>                 |
| 4 Wm Adamson -- <i>British America</i>                | 27 G M Higginbotham -- <i>Sun</i>                       |
| 5 T C Blogg --- <i>Commercial Union</i>               | 28 T R Wood --- <i>Aetna</i>                            |
| 6 J J Kenny --- <i>Western</i>                        | 29 H M Blackburn -- <i>Sun</i>                          |
| 7 G B Shaw --- <i>Liverpool London &amp; Globe</i>    | 30 Jos B Reed --- <i>Liverpool London &amp; Globe</i>   |
| 8 I W Smith --- <i>Atlas</i>                          | 31 W A Medland --- <i>Scottish Union &amp; National</i> |
| 9 C B McNaught -- <i>Liverpool London &amp; Globe</i> | 32 A M M Kirkpatrick -- <i>Home</i>                     |
| 10 Geo S L Lyon -- <i>Sun</i>                         | 33 G T M Murrich -- <i>Alliance</i>                     |
| 11 Geo F Marter -- <i>London &amp; Lancashire</i>     | 34 T D Richardson -- <i>New York Underwriters</i>       |
| 12 John Kay --- <i>Royal</i>                          | 35 John B Laidlaw -- <i>Norwich Union</i>               |
| 13 Geo W Banks --- <i>Royal</i>                       | 36 S Bruce Harman -- <i>London Assurance</i>            |
| 14 Jos Murphy --- <i>New York Underwriters</i>        | 37 P V n Szeliski --- <i>Liverpool Manitoba</i>         |
| 15 J N Mackenzie -- <i>Atlas</i>                      | 38 H W Evans --- <i>North British &amp; Mercantile</i>  |
| 16 E P Beatty --- <i>Queen</i>                        | 39 J H Ewart --- <i>Phoenix of London</i>               |
| 17 H A Sherrard -- <i>Western</i>                     | 40 A W Smith --- <i>Alliance</i>                        |
| 18 F H Gooch --- <i>North British &amp; Merc'</i>     | 41 H D R Armstrong -- <i>Guardian</i>                   |
| 19 M G Thompson -- <i>Quebec</i>                      | 42 P H Sims --- <i>British America</i>                  |
| 20 R H Butt --- <i>Phoenix of Hartford</i>            | 43 Alfred Wright --- <i>London &amp; Lancashire</i>     |
| 21 W D E Strickland -- <i>Phoenix of London</i>       | 44 E P Pearson --- <i>Northern</i>                      |
| 22 D K Ridout --- <i>Phoenix of London</i>            | 45 E A Badenach --- <i>Union of London</i>              |
| 23 J A Shaw --- <i>Norwich Union</i>                  |   |



in London wrote to say that he was instructing his Canadian manager, J.E.E. Dickson, "to withdraw from the Montreal Board in order that we may have the liberty to prosecute our business in Montreal free from the disabilities under which we now labour because of the peculiar legislation which has the practical effect of excluding us from participating in city business".

The committee striving to find a solution to this problem consulted with Mr. Dickson, who defined his position as follows: "Owing to the conservative policy of the Law Union and Crown and the small lines accepted by it, and because the Montreal Commission Rules limit the amount of commission, having the effect of putting all Companies on an equal footing in this respect, the Law Union and Crown has been unable to secure City Agents in competition with other companies pursuing a more liberal policy and writing larger lines." Dickson requested his company "be permitted to appoint not more than three Special Agents in the City of Montreal to whom he might pay any rate of commission so as to enable him to induce three men to leave other Companies and come to the Law Union and Crown".

It is unlikely the committee spent much time considering this proposal to raid their business. It was rejected and Dickson was reminded a company could not withdraw from a local board and still remain a member of the association. To this the general manager replied:

If for the exercise of reasonable freedom to do business in a particular and important centre we are to be Ishmalite...I shall consider this as a hostile act...If we are to be driven out of the Tariff, those who put us outside should not blame us for whatever consequences may ensue.

The matter remained unresolved for 13 years and caused the association considerable inconvenience. Changes in commission

rules were suggested, but it was felt this was not feasible while the Law Union and Crown claimed exemption from them. The association displayed remarkable patience under repeated acts of defiance from a company which, on its own admission, was at the time a small one. The matter was brought up repeatedly only to be deferred. The company would not attend and usually neglected to reply to correspondence. When, at a later date, the company became the Law Union and Rock it became a strong supporter of the association and Dickson was in line for the presidency of the association when he transferred to another field. The problems of commissions were to become critical in the next decade.

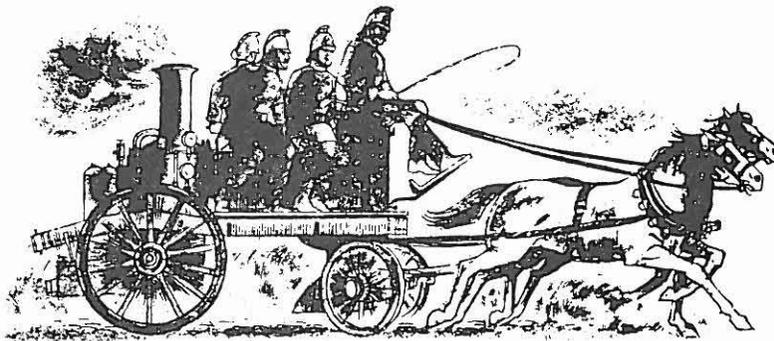
The expenses of the association for the year 1903 were \$32,845. In those days the members expected — and received — a great deal for a dollar. They had respect for it. Their lavish treatment of the Western Union, an American insurance conference that came to Toronto for its annual meeting, marked a departure from their usual conservative behaviour — \$1,390 was allocated to show the Americans a good time. The insurance business was not all wrangles and

dissension. It is only a failure of imagination that makes it difficult to appreciate the individual personalities and vitality behind the formally-posed photographs of the period. Beneath the whiskers, under the top hats, were fellows every bit as prepared as we are today to regard an annual meeting as a well-deserved junket. It is nice to know that they too had their moments of relaxation!

During this American insurance conference, one representative drew a rather interesting analogy to the role of the fire underwriter. J.H. Washburn stated that:

Their office is to collect small, in fact almost inappreciable, sums from unnumbered sources and to retain these amounts, trifling in themselves but immense in their aggregate, until the time of need, and then from the accumulated store to distribute what is required to relieve those who by the contribution of premiums have become entitled to such help. As the bee gathers the particles of honey from the flowers, which suffer no appreciable loss from such contribution, and stores the collection in the hive until the time of need arrives, so the insurance companies accumulate these trifling sums, received from one and another who do not feel the loss until disaster comes and sufferers are relieved from the treasury where their small contributions have been stored.

(Monetary Times, September 11, 1903.)



The Canadian Fire Underwriters' Association bid farewell the next year to one of the pioneers in the formation and early operation of the organization. At the annual meeting held at Murray Bay, a leading Quebec resort of the era, on June 21, 1904, the association paid tribute to the retiring George Frederick Charles Smith. After a dinner given in his honour, F.W. Evans paid tribute to Smith's illustrious career. His address read in part:

We recall the early days of our Association when as its first president, you skillfully guided it through many difficulties, laboured with untiring zeal to smooth its ways, and reconciled conflicting interests which threatened its existence. Indeed that we are here today is due, we feel, in large measure to you, to your calm judgement, to your wise counsels, we offer you our gratitude... We beg you to accept this Loving Cup, as a



*A.M.M. Kirkpatrick, CFUA  
President, 1909.*

token of our feelings we have tried to express, and we hope that you will always retain a kindly remembrance of your old associates.

In 1905, the Toronto board dissolved itself and was replaced by the Toronto committee of the CFUA.

In 1908, the association attempted to reach an agreement with the Charles E. Goad Company for the exclusive use of its insurance plans. Fire insurance plans grew out of the need to readily determine all those factors which affected an insurance risk. The history of the fire insurance plans dates back to 18th century England, while plans first appeared in Canada early in the 19th century. These first Canadian insurance plans, drawn for the London-based Phoenix Assurance, included Montreal (1808), Quebec (1808), Halifax (1808), and Saint John, N.B. (1809). These plans were little more than hand-drawn diagrams until advances in the printing process about mid-century allowed for a wider distribution.

The pioneer in the production of fire insurance plans in Canada was Charles E. Goad. Born in England in 1848, this civil engineer opened a Toronto office in 1875. Prior to this each insurance company had drawn up its own plans. Reasoning that one company could supply the demand and reduce the cost to individual insurance companies, Goad carried out surveys and composed insurance plans which he then sold to any insurance company, whether tariff members or not. By 1910, Goad had produced 1,300 plans of Canadian communities of all sizes.

Goad's insurance plans showed such underwriting requirements as the outline of buildings, roof coverings, wall and floor openings, windows, stairs, fire alarm boxes, hydrants and other protective devices and sometimes included a cross-sectional view. The shading used for buildings indicated the building material (red-brick, blue-stone, grey-metal clad, yellow-frame). These insurance plans were quickly recognized as an essential tool for fire insurance underwriters. Their importance was assessed by A.W. Goddard (former Secretary of the CFUA):

According to the general construction, exposures of any block indicated by the plan, the Company limits its total liability in the block to a certain figure, according to the conditions indicated by the plan, it might be willing to accept up to a total liability of say, \$100,000 on the property in any one block, while under better conditions, it might be willing to accept up to \$500,000. When the individual risk is offered therefore, the plan not only enables it to figure the amount it will retain of that risk, but it also enables the Company to check up to see that the total liability, as previously determined, is not exceeded, otherwise the risk must be reinsured or declined.

Goad's maps were protected by copyright and duplicating them was unlawful. Besides, copying the maps could be accomplished only with tremendous amounts of both time and money, either of which made the task prohibitive. The negotiations between the Goad Company and the CFUA (which sought to gain exclusive use of the plans) failed and an agreement did not emerge until the next decade.

In February 1909, the Manitoba board was recognized as a branch of the CFUA and became known as the Western Canada Fire Underwriters' Association, with jurisdiction over Manitoba, Saskatchewan, Alberta and the North West Territories.



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*Kingston, Ontario's elegant Victorian fire hall was preserved and survives as the "Firehall Restaurant."*