



Sir Wilfrid Laurier, Prime Minister of Canada, 1896-1911.

TRIALS AND TRIBULATIONS

(1910-1920)

CHAPTER IV

Between 1910 and 1920, the Canadian Fire Underwriters' Association reached a level of maturity that allowed for changes to the organization without jeopardizing its existence. Had it not been so firmly established, CFUA might have had difficulty emerging intact from Ontario Insurance Investigation, the most serious threat to date in its history.

For several years the association had attempted to reach an agreement with the Goad Company for use of its fire insurance plans; either Goad would supply them exclusively to tariff companies, or the association would purchase a controlling interest in the firm. But the Goad Company placed such a high value on its plant and goodwill that the parties remained far apart in their negotiations. The CFUA committee appointed to pursue the matter persisted, and in December 1910, decided the association should produce its own insurance plans. The proposed Plans Department

would engage a surveyor and assistants as required, and sell its own plans at cost to member companies. Since Goad could not afford this challenge to its monopoly, in October 1911, the two parties reached an agreement that pledged the Goad Company to produce and revise insurance plans for the exclusive use of association companies. The agreement stated that:

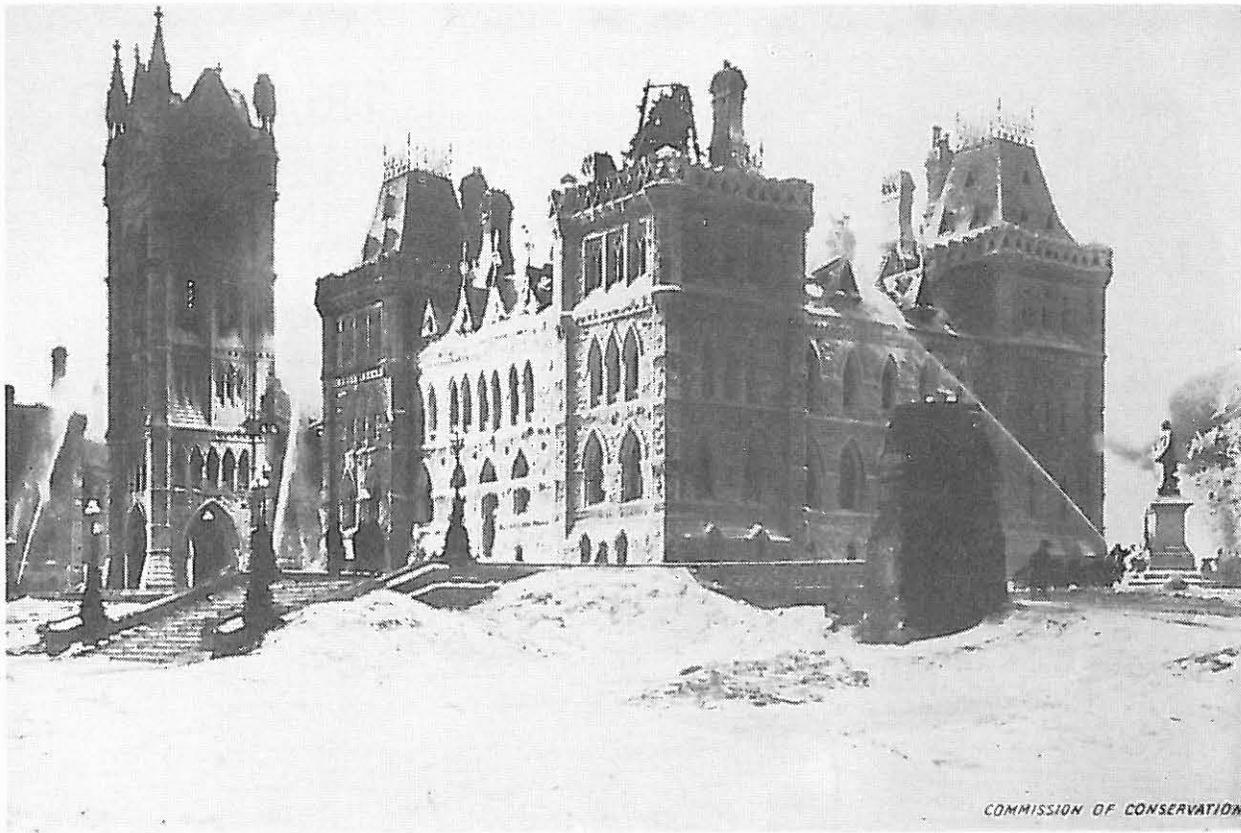
Any Company, member of the Association, retiring therefrom or ceasing to do business in a place for which it has purchased plans, may sell or transfer any or all such purchased plans, which it no longer requires, to any other Company, a member of the Association. For the purpose of revisions, extensions and re-issues such other Company shall be regarded as the original purchaser.

Under terms of the five year agreement, the Goad Company revised plans every three years, except in larger cities such as Toronto and Montreal where updates would be carried out every 18 months. The associa-

tion's embryonic Plans Department was reduced to a skeleton staff, sufficient only to furnish plans for such small places requiring specific rating and for large manufacturing risks.



William Mackay, CFUA President, 1911.



Canada's Parliament Buildings, Centre Block, were destroyed by fire February 3, 1916.

The agreement between the Goad Company and the association operated smoothly for its five year duration. As the termination date drew near and the association prepared to negotiate a new contract, Goad again attached a high price tag to its services. In December 1916, CFUA decided to allow the agreement to expire. Tariff companies purchased plans that had been loaned to them and a full complement of staff was reinstated in the Plans Department in the association's Toronto office. Goad received \$22,000 for the loaned plans about the same time the association decided to incorporate the Plans Department under a new

name, the Underwriters' Survey Bureau. By June 1917, the bureau had surveyed seven towns and plans were ready for distribution. But Goad was not to be dispensed with so easily. He recalled all plans loaned to agents in the Maritimes.

This challenge was met sharply and decisively by CFUA. The association dispatched the bureau's full staff to New Brunswick to draw up surveys and provide plans for towns previously mapped by Goad. Again,

bold action by the association forced Goad to reconsider its position. The inconvenience lasted only a short while. A satisfactory agreement negotiated late in 1917 gave the bureau the right to revise and reprint Goad's plans for the use of association members. In March 1931 the bureau purchased all assets of the Goad Company, including the copyright to insurance plans. This did not end confrontations over insurance plans; in the 1930s, the copyright would be challenged in a major court case.

(Opposite) A typical single sheet Goad fire insurance plan of a small town. Between 50 and 100 copies of such plans were produced for each of several hundred minor localities across Canada.

The Electric Department kept abreast of the modernization and expansion occurring in other CFUA departments, and now turned to new challenges and problems. When the Toronto Hydro-Electric Company declared itself a rival to the Toronto Electric Company, keen competition often prompted the two companies to bypass safety precautions. In many cases, they electrified buildings without waiting for the association's blessing. Inspections revealed that numerous installations were unsafe, and in some cases, rates were increased.

In 1915, the Ontario Hydro Electric Power Commission assumed most of the duties of the Electric Department, using its staff of inspectors to oversee inspections for the entire province. This change proved detrimental to fire insurance companies when sev-

eral serious electrical fires occurred. The trouble arose from the fact that the commission required but did not receive revenue from re-inspections.

Although both the commission and the newly-appointed Fire Marshall, E.P. Heaton, agreed on the importance of organized inspections of old installations, nothing was done. This unsatisfactory state of affairs continued for several years. In 1919, 539 fires were caused by faulty electrical installations creating an insurance loss of \$330,656.

In Quebec, the situation was different, and relations with the power companies continued to be amicable. In addition to inspections of all new installations, door-to-door checks of old electrical hardware were carried out periodically, with extra premiums being charged for defects. This

inspection work benefited both the public and the insurance companies. At times, cause of fires was attributed to faulty electrical wiring when there was little evidence of other factors. Association representatives began studying reports of fires every morning so that any of particular interest to the bureau might be fully investigated and unsubstantiated claims detected.

The association extended its mandate to include work on behalf of the Chicago-based Underwriters' Laboratories. This connection was first mentioned at the 1908 annual meeting with the report that fire prevention appliances had been tested, passed and labelled on behalf of the Underwriters' Laboratories. The Secretary observed that, "We have, of course, neither the staff nor appliances available in Chicago for original examination and

"When I think of what might happen to these kiddies,"
the principal said, "I feel as though I'd like to have

— a Fire Department in Every Room —



We told him how he could have just about that. And you can have the same in your present or your new school.

The "IMPERIAL" (Soda and Acid Type) Fire Extinguisher

THE STANDARD
FOR FORTY YEARS

—is identical (except in size) with the chemical engines used by the city and town fire departments.

—is the essence of simplicity. Has no pump or valve. Turn upside down and it is at work immediately.

—is safe, dependable, certain.

—is approved by the Underwriters' Laboratories.

Let Us Tell You More About It and Quote Prices

The Booth-Coulter Copper & Brass Co.
Toronto, Ontario Ltd.

Advertisement for approved school fire-fighting equipment, circa 1915.

tests, but the supplementary work taken up will certainly result beneficially to our members and to the public."

As an agent for the Underwriters' Laboratories, the association did an ever-increasing volume of inspection and labelling. CFUA spoke candidly in a 1912 report about the attitude of some British manufacturers: "The question of submitting English goods for approval to the Laboratories has again come up on a circular sent out by the Birmingham Chamber of Commerce. The circular shows a great want of knowledge of the real conditions here, and it entirely misrepresents the attitudes of the Underwriters in this country."

The report stated it was probably difficult in Europe to appreciate the tremendous devastation caused by fire on this continent year after year, and to understand the checks and safeguards adopted by CFUA to reduce fire waste. It went to considerable lengths to explain that British companies could not expect to be given special privileges vis-a-vis Canadian and American companies. The British manufacturer, "if he wishes to supply the market, must be prepared to make his goods suit it and not expect that tested regulations required in this country should be waived to meet his custom of manufacturing".

During this period, the association faced more important problems than the unwillingness of British manufacturers to comply with standards. Like the rest of the world, the attention of the Canadian Fire Underwriters' Association was diverted by the calamitous events in Europe. In his 1915 presidential address to

the association, J.G. Thompson (Liverpool and Globe) painted a pessimistic outlook following the outbreak of World War I:

We have fallen on evil days: our Empire is at war. As a business association it is not our province to discuss the war in so far as it affects our particular interests. We must, however, record that many of our members have made great sacrifices—human sacrifices—for the defence of our King and country and for the cause of liberty, and others of us will doubtless suffer likewise, for the end is not yet...The war has accentuated the financial depression from which we have been suffering for sometime, and we have the natural result of a higher loss ratio. Profit-making in fire insurance is increasingly difficult in times like these. Too many, when forced to the wall, are unable to resist the temptation of preferring the misfortune of fire to the ignominy of failure. We must, however, be prepared to suffer with the other financial interests, and we hope that there are prosperous years in the near future which will repay the Companies for the unfavourable experience through which they are now passing. The domestic situation was not as serious as Thompson had

feared. At the 1916 meeting in St. Andrews, New Brunswick, E.F. Garrow (British America) pointed out that things at home and abroad looked more optimistic than they had the year before.

It is with grateful hearts that, with the help of our Allies and through the indomitable spirit of our people in this and other British lands, we may now regard with patience and every hopefulness the steady progress of the war toward victory and a lasting peace. So far as the war's relation to our business is concerned, our fears of its adverse effect have so far not been fully justified. The year 1915 proved a fairly profitable one to the Insurance Companies, and whilst the early months of 1916 have shown a somewhat higher loss ratio, it is thought the six month period may prove as favourable as the first half of 1915 and that the gradual improvement in the general trade conditions of the country offers a reasonable prospect for another profitable twelve months.

Membership in the association had by then reached 78 companies. This represented a 100 per cent increase in 18 years.



*J. Gardner Thompson,
Liverpool-Globe President,
1915.*

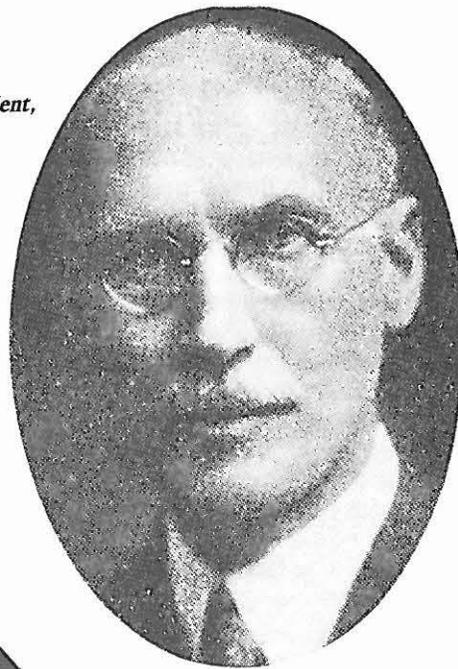
The year 1916 was also significant in CFUA annals because it brought the beginning of one of the closest investigations of the fire insurance business ever conducted. The association had been continually condemned by manufacturing interests in Canada on grounds that it acted as a monopoly to fix insurance rates at an artificially high level. In response to mounting criticism, the Ontario government appointed the Honourable Justice C.A. Masten to launch an investigation into the business practices of the association.

CFUA had nothing to hide, and then President E.F. Garrow counselled members to keep in mind: ...the duty of this Association is to instruct its officers to afford the Commission every facility in their power so that the knowledge of our rules and practices gained by it, and through it by the public of the Province, may be thorough and complete. Publicity of this nature is to be desired and encouraged.

At the June 20th annual meeting Garrow expressed his belief that the investigation presented the perfect opportunity to dispel some of the myths about the association. His only lament was that such a probe invariably carried with it a stigma of wrongdoing.

The Ontario Insurance Investigation began August 1916 and continued until April 1918. Fifty-five sessions were held throughout the province at which insurance agents and municipal authorities recorded their discontent with the key rates fixed by the association. The case for the CFUA was ably handled by John B. Laidlaw (Norwich Union) and John A. Robertson under the guidance of association solicitor Leighton McCarthy. John Laidlaw attended every sitting of the investigation. His diligence placed fellow association members, then and now, forever in his debt.

John B. Laidlaw, CFUA President, 1920.



John A. Robertson, CFUA Secretary



Justice Cornelius Arthur Masten conducted the Royal Commission, 1916.

E.O. Ryan, in his "The History of the First Seventy-Five Years of CUA", criticized the need for the 1916 investigation especially in light of the world-wide problems.

To any readers of these pages, to anyone conversant with the record of public service of the Association Companies, the reason for this attack will remain a mystery. In addition, it was wartime. This country and the whole of the Empire was engaged in a struggle which in 1916—when the investigation started—looked as though it might be fatal. One may be forgiven for thinking that at such a time all our energies might have been directed towards the preservation of our country and of our soldiers overseas instead of to this petty and ineffectual back-biting. There are some who think that the action may have been influenced by those who, waving the flag of patriotism, were making handsome profits from the war and wished to direct attention away from themselves. They may have been successful in this objective but in the attempt to disrupt the work of the Associated Companies they failed entirely. The case for the Association, presented matter-of-factly in these pages, was brought out much more fully and effectively by Counsel.

The findings of the commission, published in an 80-page report, vindicated the Canadian Fire Underwriters' Association. Masten, who approached the investigation under the impression there was widespread dissatisfaction with the existing state of affairs, soon realized there was very little public interest in the inquiry. After carefully considering all the evidence presented, he ruled in favour of the association. His findings read in part:

One of the strongest points in favour of an insurance organization such as the Canadian Fire Underwriters' Association is the fact that its method of conducting business is not only economical and efficient, but indirectly brings about an improvement in conditions that directly benefits the public. The inspection of proper-

ties and Schedule Rating, by which the defects are brought to the attention of property owners, tends in the long run to effect a considerable betterment of the physical conditions which are largely responsible for our losses by fire. No individual company could maintain a staff of experts to

give this service without tremendously increasing the cost of insurance to the public. It is equally plain that no single company could be in a position to bring about improvements that can be effected by many of the companies acting in cooperation with one another... On the grounds

Words of encouragement from a major insurance company to its "travellers," (i.e. salesmen), 1914.

STICK-AT-IT-IVENESS.

No compounded word in the English language is of such vital importance to the casualty solicitor as our heading. To have a well rounded and well developed bump of Stick-at-it-iveness which keeps the owner everlastingly-at-it is an absolute guarantee of success.

Every solicitor knows how easy it is to stick-at-it when his visit is pleasant, his appeal heeded and the applications are coming right along, but when the reverse comes, when you go a week or more with little or nothing to show for your going, Stick-at-it-iveness has its testing, and it is just at such times that this same quality is most valuable.

Hap-hazard, spasmodic soliciting brings SOME returns, but it does not build large, profitable agencies that are worth more money every day. Such agencies exist and are well worth the effort it costs to build them.

How are they built? Just by persistent, patient work. Just as the Head Office Building grew, and just as the three other adjacent sky-scrappers were built. Steady, continuous work, summer and winter, storm or sunshine. No "Let up!" everlastingly-at-it from foundation to top-stone.

Cultivate Stick-at-it-iveness. It is an extremely valuable asset and it will grow money for your older days.

When a prospect says "I am too busy to discuss the matter with you to-day," remind him pleasantly of the fact that in his hurry and BECAUSE of his being so busy he may forget the law of self-preservation for one little second and thereby have on his hands more time than he can use—AND NO INSURANCE.

Get rid of fear. Don't be a "faint-heart" or "timorous." Face the facts and blow the sparks of your ambition and enthusiasm into a roaring fire of dogged work, and success is assured.

Don't be merely a dreamer. Occasional day dreams or visions of the success you hope to attain are inevitable, but they materialize ONLY THROUGH WORK and inflexible purpose. Some men dream of success, but the truly successful go out and drag it in—by the tail, if need be. "I slept and dreamt that life was beauty, I woke and found that life was duty."

Confidence, Tact, Geniality—these are all desirable adjuncts, but it is the dogged, steady daily grind that tells, THEREFORE—keep at it! hang on! cling on! push on! sing on!

KEEP YOUR GRIT AND STICK AT IT!

Folks die too easy—they sort of fade away;

Make a little error and give up in dismay.

Kind of man that's wanted is the man of nerve and wit,

To laugh at pain and trouble and keep his grit.

which I have herein set forth, I am of the opinion that the operations of the Canadian Fire Underwriters' Association have been, and are, to the advantage and in the interests of the public, and that such a combination tends strongly to maintain the solvency of companies, to stabilize rates, to eliminate discrimination, and assist in controlling the expenses of carrying on the business... This conclusion accords with the findings of the strongest Commissions in the United States that have considered the question.

While the commission substantiated the basic claims of the manufacturers' association that the organization exercised considerable monopoly power, Masten argued that it functioned in the best interests of the general public.

He also found that although the actions of the CFUA often appeared almost dictatorial, "the character of the work necessitates definite and precise rulings, and these rulings not unnaturally appear to those seeking insurance arbitrary and autocratic". Masten explained that rates established by CFUA had to be governed by past results through the aggregate experience of many companies working together. In this manner, the association was better able to determine rates commensurate with the risk insured.

The tariff companies did not earn unreasonable profits. The Report of the Superintendent of Insurance for the Dominion of Canada showed that for the period 1875-



Overhead wiring was a major handicap to these firefighters, circa 1915.

1917 figures submitted by licensed Canadian insurance companies were as follows:
 Premiums Received \$617,863,000
 Paid for Losses . \$380,446,000
 General Expenses \$194,757,000

Simply stated, for every \$100 premium received \$60.30 was paid for losses, \$33.00 for expenses and \$3.75 was carried to conflagration and unearned premium reserve funds, leaving \$2.95 for dividends on capital stock. This does not, however, take into account the profits derived from investment.

Justice Masten pointed out that the operation of CFUA was different than a combine in the grocery or manufacturing sector. This same distinction was made five years later by R.S. Gillespie in the Monetary Times. He wrote it would be:

...wise to remember that in dealing with insurance one is not dealing with a commodity such as wheat, machinery or clothing. In the latter it is easy to calculate the cost and this is done before the article is sold. In selling insurance we are selling indemnity and we never know what the indemnity is going to cost us until after it has been sold. The purpose of these organizations is to obtain, by a pooling of as much experience as possible, the probable cost to the insurers of the indemnity he proposes to sell. (Monetary Times, June 29, 1923.)

In addition to the external stress created by the insurance commission investigation, the association continued to deal with internal dissension. The chronic problem of agents' commissions would not be laid to rest. The existing set of rules governing payment of agents who dealt with CFUA in Ontario (except Toronto) limited

commissions to 15, 20 and 25 percent according to the class of risk. Such restrictions presented problems for the agents in their selection of business. J.S. Paterson presented the case for the agent:

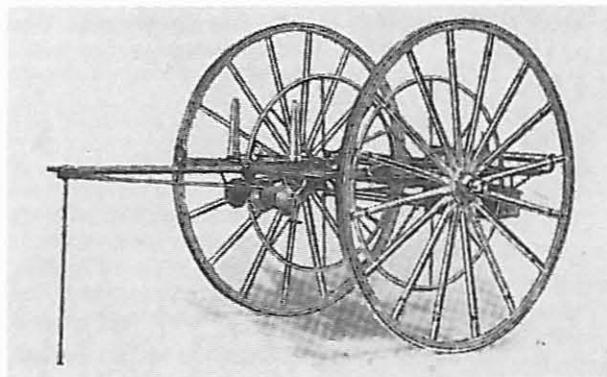
Most vital of all is the method adopted by the company in compensating an agent. If you are faithful you are penalized; if you are unfaithful you are rewarded. I assert that there is not one act that you can do for the protection of the company which does not diminish your compensation. If you refuse or cancel a hazardous risk you get nothing. If you seek to eliminate the moral hazard by reducing the insurance you reduce your commission. If you aid your company in resisting a fraudulent claim you lose your customer. If you over-insure you get your share of the profit. If you refuse or cancel a hazardous risk you lose the business and the commission to your less scrupulous competitor. Under these conditions what chance has the faithful agent when in competition with an unfaithful one? (Journal of Commerce, June 21, 1916.)

While commission regulations were widely ignored, Toronto was the prime offender. Competition had intensified with the establish-

ment of new companies, and commissions ranging as high as 40 percent were now common. At the 31st annual meeting of the CFUA, President Harold Hampson lamented:

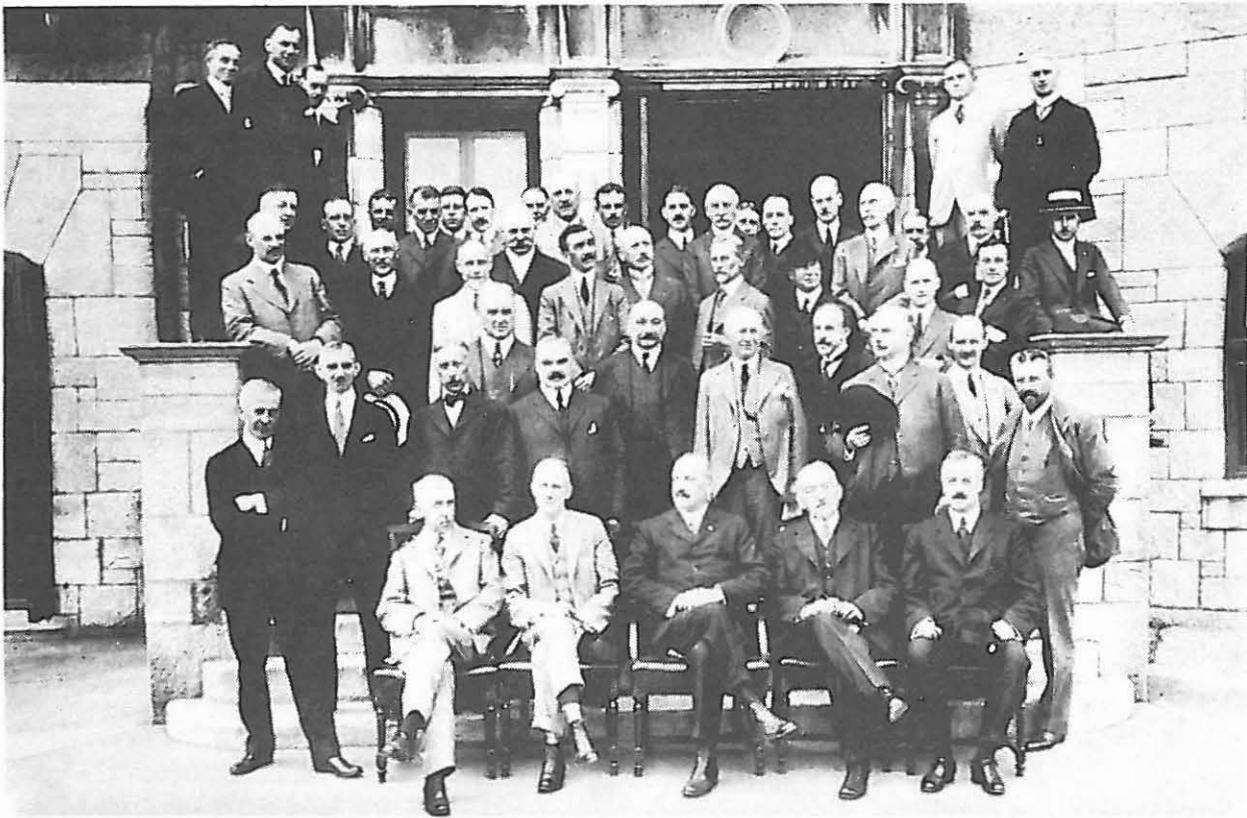
In Toronto there are no limitations as to the commission payable, and the result has been, as far as I can inform myself, that the cost of business is very much greater than it is in Montreal, and that without saving business to the tariff companies. I understand that the Toronto Committee is endeavouring to adopt rules...On more than one occasion some of the members have considered themselves at liberty to decline in advance to submit to proposed rules...If individual members will not agree to the decision of the majority they run the very serious risk of eventually, by their actions, disrupting the Association.

President J. Gardner Thompson (Liverpool and London and Globe) reported to members the following year the adoption of new commission rules for Montreal. He expressed hope that the participating companies would abide by both these and the general rules, believing that universal adherence to these standards would serve to instill a sense of increased confidence



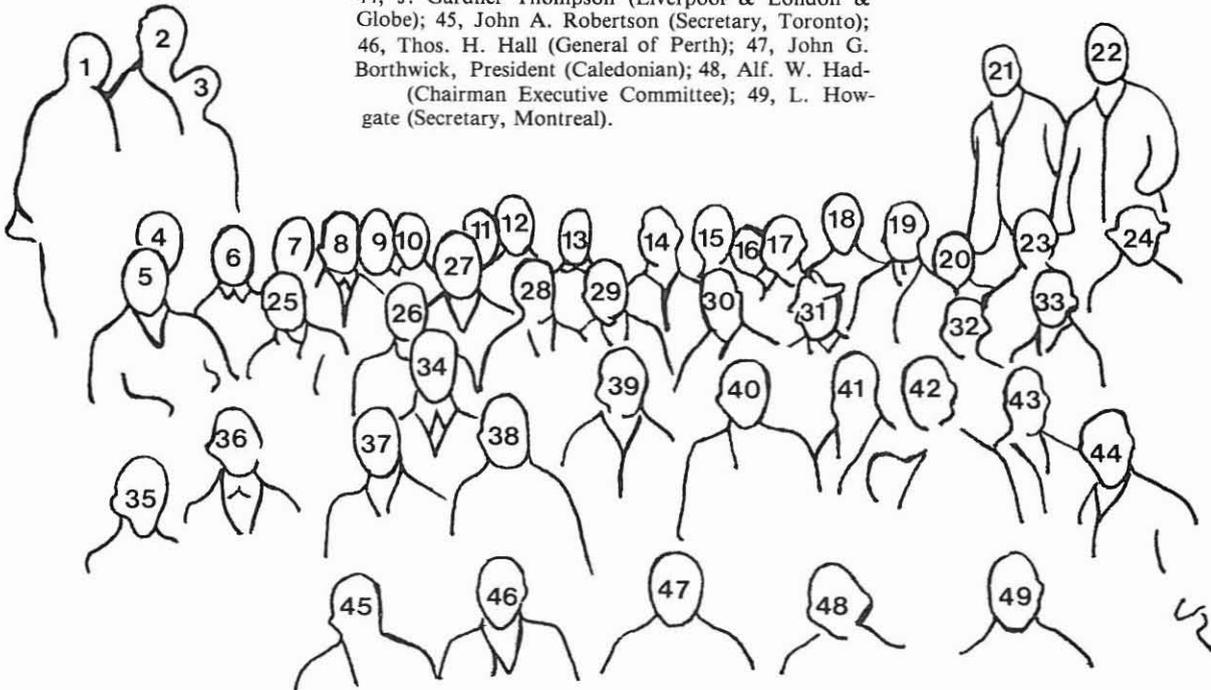
Hose Cart (for Fire Department Purposes)

Solid wrought-iron frame, 60-inch wheels, drag rope and reel, axe and crowbar, nozzle holder, with carrying capacity of 500 feet standard fire hose. Exceptionally strong, conveniently equipped. Tell us your wants; we can serve you.



CFUA Annual Meeting, July 1917.

- 1, W. Davis (North British & Mercantile); 2, J.R. Stewart (Aetna); 3, J.H. Riddel (British Crown); 4, Geo. A. Sherritt (St. Paul); 5, Harold Hampson (Ins. Co. of North America); 6, C.C. Hall (National of Hartford); 7, W. Robins (German-American); 8, G.S. Minty (Rochester Underwriters); 9, W.E. Baldwin (Continental); 10, H.S. Angas (British Dominions); 11, C.E. Corbold (Canada National); 12, H.M. Lambert (Guardian); 13, John Jenkins (Employers); 14, A.C. Baillie (Nova Scotia Underwriters); 15, F.W. Evans (Home); 16, W.S. Jopling (Commercial Union); 17, Geo. W. Pacaud (National of Hartford); 18, T.D. Richardson (New York Underwriters); 19, J.E.E. Dickson (Law Union); 20, C.L. Scofield (Manager Sprinklered Risks Dept.); 21, Lyman Root (Sun); 22, T.F. Dobbin (Phenix of Paris and General of Paris); 23, M.C. Hinshaw (Atlas); 24, J.E. Hounsom (London Guarantee); 25, J.B. Laidlaw (Norwich Union); 26, John MacEwen (Norwich Union); 27, W.A. Wilson (Union of Paris); 28, A.M.M. Kirkpatrick (Home); 29, P.M. Wickham (Yorkshire); 30, G.E. Moberly (Northern); 31, Alfred Wright (London & Lancashire); 32, Secretary Foster (Vancouver Mainland); 33, Secretary Noble, (Vancouver Island); 34, J. Murphy (Springfield); 35, P.A. McCallum (Hartford); 36, J.W. Binnie (Globe & Rutgers); 37, J.W. Tatley (Equitable); 38, J.H. Labelle (Royal); 39, A.C. Gour (Phoenix of London); 40, E.F. Garrow (British America); 41, J.H. King (Canadian); 42, T.L. Morrisey (Union); 43, Colin E. Sword (Quebec); 44, J. Gardner Thompson (Liverpool & London & Globe); 45, John A. Robertson (Secretary, Toronto); 46, Thos. H. Hall (General of Perth); 47, John G. Borthwick, President (Caledonian); 48, Alf. W. Had- (Chairman Executive Committee); 49, L. Howgate (Secretary, Montreal).





London, Ontario's last steamer, and first motor truck, circa 1925.

within the association. Thompson cautioned, however, that the organization should not attempt to establish too many rules, "for in so doing, we give increased opportunities for dissension and naturally weaken the bonds which unite us".

Meanwhile, troubles continued in Toronto and the situation remained chaotic. When opinions were solicited on new rule proposals 23 Toronto companies accepted them without reservation, five had qualifications, two wanted action postponed, 18 declined to accept them, five were indefinite and 20 did not answer.

At the semi-annual meeting in December 1917, commission rules for Toronto, prepared by chief agents there, were adopted by a vote of 49 to 13. The minority refused to accept the decision and mounted a strong protest against the rules. The following

extract from a letter read into the minutes of a special meeting in March 1918 indicates the polarization of attitudes to the issue: I feel constrained to register my strong protest against the rules as adopted, and to denounce them as being unfair in that they discriminate against certain classes of companies and agents and in that the vote in their favour was largely cast by Toronto Chief Agents in their own favour. . . I protest against the absence of any limitation on terms to be paid to the Chief Agents on Toronto City business. In the absence of this the legislation just passed is plainly by Chief Agents for Chief Agents, and with no possible saving in expense to the Companies or to the public as so ingenuously assumed in the preamble to the rules.

Facing such strenuous opposition, the committee decided to shelve the rules for the moment.

The problem confronting the association in Toronto was obvious. With no general agreement



on commissions, insurance companies were forced into a bidding war to attract business being placed by the agents. The companies could only afford to negotiate an agreement to which all firms adhered. The commissions issue attracted much attention, including that of a Monetary Times editor:

*Thomas H. Hall, CFUA President,
1918.*

The root of all evil of the insurance business, and one of the greatest factors in the excessive fire waste in Canada, is undoubtedly the method of compensating agents solely on a commission basis. The report (Commission of Conservation: Fire Waste in Canada) declares that the 'careless agent is paid equally well with the careful agent'. This tends to over-insurance, carelessness in the use of property, and arson, all of which cause heavier fire waste. The remedy for this, the Commission states, is a profit-sharing commission for agents whereby those who write good risks would be more highly remunerated than those who write bad ones... The Canadian Fire Underwriters' Association, it is pointed out, has attempted but failed to enforce a similar system of contingent commissions on account of the disadvantage under which it would place its members in competition with non-board companies. (Monetary Times, July 19, 1918.) Contingent commissions, that is commissions based on profitability of policies underwritten, provided an incentive to agents to place good risks and were hailed

in many quarters as the solution to skyrocketing costs. The drawback was that such a strategy could not effectively be undertaken by individual companies. Widespread cooperation was required for its success. Although the CFUA did discuss the possibility of implementing contingent commissions, it was decided that the loss of business would not justify the move. Justice Masten had in the course of his investigation said commissions were too high, and he considered the possibility of recommending legislation be passed putting a ceiling on commissions if the insurance companies could find no alternative solution. The dilemma of commissions was to remain unresolved for some time.

Competition from non-tariff companies was another preoccupation of the CFUA. In his history written in honour of this association's 75th anniversary, E.O.

Ryan described the basis of the difficulty:

...not only on account of the upsetting effect of rate discrimination based on what they could get; not only because they profited from the fire preventative work done by the Association without making any contribution towards it; but also because they hampered the public service of the Association by weakening that unity in which lay its power for good.

Much to its credit, CFUA refused to compromise its principles to fight increased competition. In 1917, one manager wrote to the Montreal committee saying he had appointed a general agent to work the local field and this man was doing very well. But much of his business was taken from non-tariffs, and he was instructed by his clients not to pay a higher rate. Consequently, he had to place it with non-tariff companies again. This manager's literary style was nothing if not colourful! I have frequently urged before the Association the shortsightedness of



*J. G. Borthwick, CFUA President,
1917.*



"Why insurance rates are high. Carelessness causes over seventy percent of Canada's losses. The above conditions were discovered in a basement two days after insurance policies for \$23,000 were issued upon the contents of the building." (1916).

maintaining conditions that enable these vampires to suck our life blood...My remedy is to grant relief to a company finding itself up against such competition, whereby all that would be necessary to enable it to compete would be to file the policy of the non-tariff company that it replaces with the Association, or submit other satisfactory evidence that its policy replaced a non-tariff. The association refused to accede to the suggestion. To the best of its ability, CFUA based rates on the merit of the risk and sought further knowledge.

The rules established by CFUA were enforced by the Infractions Committee which met regularly to investigate allegations of wrong-doing. In 1913, one group reported that only a small portion of infractions under scrutiny appeared to be anything more than the mistakes of subordinates. It criticized delays in correcting and cancelling questionable policies. In 1917,

the Infractions Committee reported that:

...it would again draw attention to the excessive and in many cases inexcusable delays that occur on the part of the offending offices in dealing with infractions. The mere waste of time involved in the almost interminable correspondence is a matter that itself deserves attention, but the irritation to aggrieved members and the pernicious effects on the Agents and Companies of the examples brought before them are much more serious. The Committee believes that a general Stamping system would be the most effective means that could be taken to improve the situation.

Stamping was frequently suggested as a remedy for the internal problems of the association. Under such a proposal, a copy of each prospective policy had to be submitted to an officer of the association. Policies judged to conform to the tariff rates, rules and conditions established by the association were stamped

'Approved'. Those not meeting these requirements were 'tagged' and a notice sent to the company and agent indicating the corrections necessary to bring the policy 'into line'. At the 29th annual meeting in 1912, it was agreed that Stamping should be adopted for all business in both provinces (at this time it was only loosely enforced in a few cities) to ensure uniformity and standardization within the association. The president appointed a committee to arrange the details of its implementation. Although members at the meeting seemed to favour stamping in general, opposition was sufficient to postpone introduction of the system.

At the semi-annual meeting in January 1917, a motion that stamping be introduced immediately to the entire business was again carried almost unanimously, and the committee was requested to bring the system

into effect as quickly as possible. Further opposition nevertheless delayed its implementation until the next decade.

The creation of the Uniform Forms Department was another measure designed to standardize and economize on CFUA operations. Three companies initially objected to the department on the grounds it would interfere between company and agent and destroy individuality. But the companies could not deny the obvious waste in the current system, which overstocked agents with printed matter and supplies from every company he represented, guaranteeing heavy expenses for printing. In June 1918, authorization was given to begin work on forms, with purchasing and distribution to be handled by the Underwriters' Survey Bureau. By June 1920, 33 different forms had been issued. The three Maritime provinces purchased forms from the association, while the Winnipeg and British Columbia boards printed

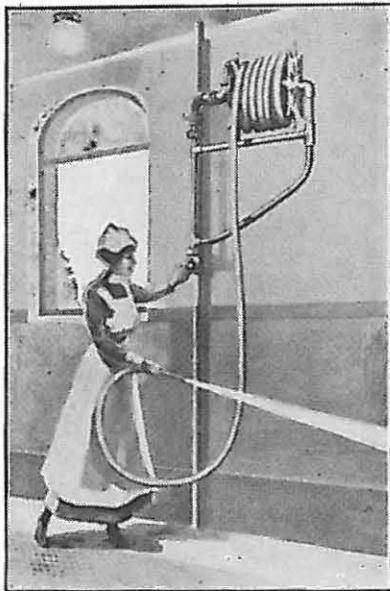
their own, copying association forms as far as their own provincial conditions would allow.

The association's energy was not completely devoted to keeping its own house in order. In a business so vulnerable to the repercussions of government policy, CFUA representatives had to remain vigilant. In 1914, members cautioned in Montreal that unless an investigation of the water department was held without delay and prompt action taken, CFUA would be compelled to increase the city's rates steeply. The full text of the resolution read as follows: That the Underwriters have endured much anxiety from the repeated shortages and stoppages of the water supply in this City, particularly during the last eighteen months—the experience recently culminating in a catastrophe by which large areas of the City were entirely deprived of water, and others were left with a very sparse supply... That the unsatisfactory condition of the Waterworks plant, emphasized by the numerous accidents hereto, has been the sub-

ject of repeated representations to the civic authorities, and about twelve months ago a strong appeal was made by the underwriters, supported by the Board of Trade and other leading commercial organizations, that a committee of independent engineers be appointed to enquire into and report on the condition of the system and the management thereof. (Insurance and Financial Chronicle, January 23, 1914.)

This urgent request elicited an equivocal response. A few superficial improvements were carried out, but no effort was taken to investigate the underlying problem of management. The association granted Montreal every opportunity to improve conditions, and postponed a hike in rates.

Strikes became a regular feature in Canada in the post-war years and the CFUA was not immune to their effects. At the annual meeting in 1919, President P.M. Wickham complained about the unusually large number of labour



"FAULTLESS" Exposed Swinging Bracket Type
Pat'd Aug. 8, 1916.

The ONLY Hose Container *instantaneously automatic in action.*

Efficiently operated by *one* person.

Leads off in any direction.

No time lost getting water to blaze.

Hose fills up while reeled, keeping nozzle at all times under control.

Only required amount of hose need be unreeled, *eliminating kinking and tangling*, and necessity of laying hose before turning on pressure.

No lost pressure at nozzle, even when fully reeled.

By eliminating folding and breaking of hose, greatly increases life of same.

Made in various sizes to carry *any length and size of hose*, (Unlined linen or cotton rubber lined)

"FAULTLESS" Cabinet Type to be concealed in wall, is made in same sizes as Bracket type.

References and detailed information
furnished on request.

MONTGOMERY FAULTLESS HOSE REEL CO.

47 Gore Vale Ave. - Toronto

*An approved school
fire apparatus,
1919.*



PROGRAMME

FIRST ANNUAL MEETING

OF THE

Ontario Fire Prevention League, Inc.

HELD IN THE

RECEPTION ROOM, PARLIAMENT BUILDINGS, TORONTO
THURSDAY, SEPTEMBER 4, 1919

MORNING SESSION

10 o'clock

NATIONAL ANTHEM

1. Roll Call.
2. President's Address:
ARTHUR HEWITT.
3. Report of Secretary-Treasurer:
GEORGE F. LEWIS
4. Minutes of Organization Meeting.
5. Minutes of Special Meeting.
6. Appointments of Committee on Resolutions.
7. Resolutions.
8. Five-minute Reports from Local Chapters and Organization Members on Work in Fire Prevention.
9. 11 a.m. — Adjourn to the Theatre, Physics Building, University of Toronto.
Address: "Dust Explosions"
(Illustrated by Moving Pictures).
DR. H.H. BROWN,
Explosive Section,
Department of
Agriculture, Washington,
D.C.

AFTERNOON SESSION

2 o'clock

10. Report of Committee on Resolutions.
11. Address: "Fire Prevention from a Patriotic Standpoint"
HON. DR. H.J. CODY,
Minister of Education.
12. Confirm Articles of Association and Regulations for the Management and Control of the Corporation and Govern the Election of the Committee to manage the Corporation, as set forth in the Charter.
13. Election of Nominating Committee.
14. New Business.
15. Report of Nominating Committee.
16. Election of Officers.
17. Adjournment.

"To co-operate with the Provincial Government and the Ontario Fire Marshal's Office for the purpose of promoting the science and improving the methods of Fire Prevention and Fire Protection; to obtain and circulate information on these subjects; to assist in securing proper safeguards against loss of life and property by fire; to keep the subject before the people, especially the young, and endeavor to inculcate the idea that "It is a patriotic duty to prevent fires."

Public awareness of fire prevention resulted in the start of the Ontario League, 1919.

troubles over the past year. A 36-hour strike by Montreal policemen and firefighters was followed by the much more alarming Winnipeg General Strike of 1919. Wickham stated that:

The extensive collective or sympathetic strikes, still unsettled in Winnipeg and other western cities, which in Winnipeg include firemen, following our experience in Montreal emphasize the necessity of a law making it criminal for Fire and Police employees absenting themselves from their duties, and seriously exposing the lives and property of the citizens.

Between 1910 and 1920, the insurance business joined the twentieth century trend towards amalgamation and company mergers. The first to report this trend was the Insurance and Financial Chronicle, which commented in 1915 on the number of small Canadian companies being absorbed by larger organizations. These included the Liverpool and London and Globe taking over the Hamilton Fire; the North British and Mercantile, absorbing the Occidental; the Phoenix of London, taking over the Acadia; and the Royal, purchasing the Hudson Bay of Vancouver. A majority of the companies absorbed continued to operate under their own names. While under CFUA rules a company could only have one 'wholesaler' or general agent in a given city, each company merged with a larger organization was permitted to hire an additional general agent.

British insurance organizations had pursued this policy of amalgamation more aggressively than their American counterparts. In the United States, legislative restrictions prevented the development of powerful 'omnibus' insurance organizations. The organizational and financial resources of these emerging giants was felt uneasily by the smaller companies: The large companies have them at a

disadvantage at all points, in superiority of organization, in their ability to secure the most skillful underwriters, in proportionally lower expenses and in the magnitude of their resources and the scale of their operations enabling them safely to transact business of a character which would be fatal to a small company.

(Insurance and Financial Chronicle, October 11, 1915.)

This movement toward larger organizations did not result in an 'insurance trust'. Companies remained competitive, their keenness not blunted by the acquisition of 'small fry'.

The constitution of the association was amended at a special meeting, July 13, 1915 to permit the appointment of an Executive Committee to exercise virtually all powers of the association (with the exception of ordering the withdrawal of a member, or amending the constitution). Meetings were to be held alternately in Montreal and Toronto.

Alfred Hadrill withdrew from his position because of his advancing age, but agreed to act as permanent chairman to the committee. The salary for this newly-created position was fixed at \$3,600 per annum and Hadrill was voted a bonus of \$3,000. Leonard Howgate was appointed secretary in Montreal at \$3,000 a year and the salary of Secretary Robertson in Toronto was increased to \$5,000. The appointment of the Executive Committee was designed to streamline the work of the association. In future, instead of regular quarterly meetings, the full membership would only be called on to attend the annual and semi-annual meetings, as well as any special meetings that might be called.

The Western Canada Fire Underwriters' Association left the Canadian Fire Underwriters' Association in 1912, a decision made with the full consent of CFUA members.

Special privileges had always been avoided as far as possible by the association. At the thirty-third annual meeting it was resolved "That it be a rule of the Constitution that all Company

Members shall be placed on an equal footing as to rate and regulations, and that any existing arrangement or privilege not in accord therewith be, and hereby is, rescinded." As the Waterloo Mutual was the only member that had any special privileges (applicable to three year business only), the secretary asked that they conform with general regulations. The Waterloo was not represented at the meeting when this resolution passed, and the company later made two effective points: (1) that it had been induced to join the association by agreement it should have certain privileges; and, (2) with the knowledge and sanction of the CFUA, it had entered into an agreement with other cash mutual companies based on these privileges. CFUA admitted these facts, and in recognition of the company's discretionary use of its privileges, permitted the Waterloo to carry on as before.

At the 1917 annual meeting, President John G. Borthwick attributed difficulties in achieving a nationally uniform rate to the existence of numerous autonomous boards. He suggested that a central bureau, composed of the executive officers of the companies operating in the field, might provide a solution. Although a practical and progressive idea, the association would not become truly 'national' for many years.



*P. M. Wickham, CFUA President,
1919.*