

THE first winter meeting of the Athletic Club will be held in the gymnasium Saturday afternoon, Feb. 17. On account of the lack of a suitable place for exercise during the greater part of last term, it can hardly be expected that the records of last year will be exceeded, but with a good amount of work in the time remaining, there is no doubt but that a creditable appearance may be made and a successful meeting carried through. As a large audience adds no little to the success and enjoyment of the occasion, it is to be hoped that every man will interest himself to attend and bring friends. It is intended, if possible, to introduce exhibitions of sparring and wrestling, which will give additional interest to the games.

ON account of the mid-winter vacation, the publishing of the present issue has been deferred for one week. The paper will be published fortnightly, as usual, hereafter.

Factory Mutual Insurance Companies and Fire Protection.

AN ABSTRACT OF AN ADDRESS, BY MR. EDWARD ATKINSON, BEFORE THE S. M. E. SOCIETY, DEC. 29, 1882.*

IN order to answer the question, Why is it better to insure in a factory mutual insurance company than in an ordinary stock insurance company? attention must be given to what constitutes the contract of an insurance company. It is a mutual contract, under any circumstances, whether it be made through a stock company or through what is technically known as a mutual company, the difference being merely this: that in the case of a stock company there is a capital invested by certain persons, which capital serves as a guaranty, but which it is not expected to draw from for the purpose of paying losses. You will see from this that unless the premiums paid by those persons who insure in the stock insurance company amount to more than the losses and expenses, the company is on its way to bankruptcy. In the factory mutual company there is no capital. The members pay premiums annually in the measure that is necessary to meet the losses and expenses, and in lieu of a capital stock the power of assessment is reserved in case the premiums do not suffice. In point of fact, during the history of factory

* Mr. Atkinson's paper was illustrated by a number of sketches of various methods of construction in buildings, and a number of automatic sprinklers was exhibited and their efficiency considered in the discussion which followed the address.

mutual insurance companies, or since the very first beginning of the system, there has been no assessment in any principal company. The premiums have sufficed for all losses and expenses, and they have more than sufficed to the extent of sixty-seven per cent of the amount paid in, — that is, we have averaged a return of sixty-seven per cent of the premiums during the whole history of the company, and they are now averaging more than that. At the same time, there have been two cases in the history of the company of which I am president, where the annual premium for the year was exhausted and no return was made, and there have been two cases where the whole premium for the year has been returned. In these latter cases the profit on charge of investment and the income from the year's investment of the premiums more than covered the amount of losses and expenses.

Now, having obtained the fundamental idea of insurance as a system of co operation, you will observe a difference between the terms stock company and mutual company. The members of a mutual company band together to save themselves from loss, and there is no divided interest; whereas, in a stock company, there is a divided interest. The shareholders have a different object in view, which is to make money for themselves. Their main object, as owners, directors, and managers, is to make money, and not to save the assured from losses. This is a subtle distinction, and you would be surprised to see how far-reaching it is. It extends to this measure, that the business of a stock insurance company is to bet on chances, and the greater the chance of fire the higher the premium and the larger the possible share of the premiums, and perhaps the larger the profit. These profits are divided annually; hence when a great disaster comes, a considerable portion of the stock insurance companies becomes bankrupt, and the assured fail to get the promised indemnity in the time of utmost need.

I may astonish you by stating that in what are called "cheap" insurance companies, in which a fallacious promise of indemnity against loss by fire may be obtained at an extremely low rate, lies the foundation of combustible architecture. Owners will trust to a policy of insurance and will encourage the "combustible architect" in bad methods of construction. Another reason for this is that the business of stock insurance is practically in the hands of agents and brokers, and not under the control of the managers, so that of the amount of premiums which constitute the fund of indemnity forty per cent is spent in the mere expense of conducting the companies. If you or your fathers pay a certain amount of money into a stock insurance company, four dollars out of every ten go to pay the expenses, and your real fund of indemnity is reduced to six tenths of the whole amount. The results of cheap insurance, and buildings constructed by combustible architects, are a loss by fire of eighty to ninety millions in ordinary