

the addition to the aggregate was \$18,700,000, and with the rapid expansion of business which is going on throughout the Dominion it is to be expected that the aggregate of premiums received will show large expansion in the near future.

The losses paid by the whole of the companies during 42 years, reach \$190,499,300. The details are:

Canadian Companies.....	\$43,293,007
British Companies.....	121,318,288
American Companies.....	25,888,005
	<b>\$190,499,300</b>

That is to say, during the forty-two years, companies operating in Canada paid away 63.62 per cent. of the premiums they received, in losses, the proportions by the respective companies being as follows:—

Canadian Companies.....	64.86
British Companies.....	61.10
American Companies.....	59.59
	<b>63.62</b>

The best that can be said for this showing is that the loss ratio is now less than it has been. During recent years, this ratio has been steadily pulled down, as the following table of percentages shows:—

To end of 1910.....	63.62	To end of 1907.....	65.41
" 1909.....	64.20	" 1906.....	66.30
" 1908.....	65.00	" 1905.....	67.78

It is something that the loss ratio is being gradually pulled down in this way, although there is no certainty when a conflagration may send it up again. And a ratio of even 63.62 per cent. does not allow much, if any, profit when expenses absorb, taking a low average, 33 1-3 p.c., and the increased premium reserve and the conflagration hazard are reckoned with. The business of fire insurance in Canada is anything but a short cut to wealth, a fact which the complainants about high rates, the promoters of new fire companies, and the people who are invited to place their cash in these new companies, might well bear in mind.

#### NORTHERN ASSURANCE COMPANY.

The seventy-fifth annual report of the Northern Assurance Company, of Aberdeen, Scotland, extracts from which are published on another page of this issue, shows that this well-known company closes the third quarter-century of its career, and enters upon the fourth quarter, under highly favouring circumstances. Conservative management, allied with underwriting skill and cautious enterprise, have developed this company from its small beginnings in 1836 to a powerful undertaking in the front rank among British insurance institutions. It has never been the policy of those who have developed the Northern to place mere size before stability, and, in consequence, the Company's reputation at the present time for solidity is of the finest.

The report now issued shows that, as regards its fire department, in connection with which the company is best known in Canada, the record of 1910 is a highly satisfactory one. Premiums reached \$6,368,655, an increase of \$225,000 in comparison with those of 1909, and the highest amount yet attained in the history of the company, by more than \$25,000. At the same time the losses went down to the low level of 47.3 per cent. of the premiums, the amount absorbed being \$3,009,560. The 1909 proportion was 49.9 per cent. Last year's proportion of losses to

premiums, it is stated, is, fittingly enough on the Company's seventy-fifth anniversary, the lowest since the completion of the Company's first half century. Cost of working also during 1910 was brought lower. The expenses, including commission to agents and charges of every kind, were \$2,370,385 or 37.2 per cent. of the premiums, as against 37.8 per cent. in 1909. So that the combined ratio of losses and expenses during 1910 was only 84.5 per cent. against 87.7 per cent. in 1909—an excellent result upon which the management of the Northern may be congratulated.

After putting aside the amount necessary to maintain the 50 per cent. unexpired risk reserve, the handsome underwriting surplus for the year of \$876,135 was transferred to profit and loss account, together with interest amounting to \$321,720. In addition to the increased fire premium reserve of \$3,184,330 there is a conflagration reserve of \$5,000,000, so that the total fire funds are, as at December 31 last, \$8,184,330. The aggregate funds of the company reach \$37,835,660, an increase approaching \$700,000 upon the 1909 total. The following table shows graphically the progress made by the Northern from decade to decade in the extent of its fire business and in its accumulation of funds:—

	Net Fire Premiums	Total Funds
1840.....	\$ 14,500	\$ 319,000
1850.....	40,000	814,000
1860.....	607,600	2,576,000
1870.....	1,068,000	5,771,000
1880.....	2,223,000	13,105,500
1890.....	3,357,000	19,878,000
1900.....	3,761,500	28,491,500
1910.....	6,368,655	37,835,660

In Canada, which field it entered in 1897, the interests of the Northern Assurance Company continue to expand, under the direction of Mr. Robert W. Tyre, the well-known Canadian manager. Net premiums of the Canadian branch during 1910 were \$568,560 and net losses incurred, \$300,964. The strength of the Northern's present position should ensure for it steadily increasing business in the Dominion.

#### LIFE AGENTS' COMMISSION: A SUGGESTION FOR REFORM.

We have received from Mr. Walter C. Wright, the well-known consulting actuary, of Boston, the following letter, which raises a point of interest both to life companies and agents. Mr. Wright, as will be seen, makes the suggestion that, in lieu of the present system of payment of life agents, a system should be inaugurated which would encourage long term policies, and he contends that this would be an advantage both to the companies and to the agents. Our own views with regard to the matter follow Mr. Wright's letter.

To the Editor of the Chronicle:—

If a policy of life insurance for \$1,000 of a particular sort were just as valuable to a company as one of any other particular sort of the same amount, then the right or equitable amount of commission which the company should pay an agent for securing an application of any sort would be the same, or, for instance, five, ten, fifteen, or twenty dollars per \$1,000.

But agents are paid, and are content to be paid, different amounts or percentages for applications of the same amount for policies of different sorts, and