

FIRE INSURANCE IN CANADA IN 1916.

Mr. E. F. Garrow, secretary of the British America of Toronto, contributes to the New York Journal of Commerce an interesting review of fire insurance in Canada during 1916. Mr. Garrow points out that the business in the Dominion during 1916 has been characterised by the periodical occurrence of heavy losses, particularly during the last half of the year, and nothing in excess of a small margin of underwriting profit upon the year's operations is likely to be secured.

In regard to the Ontario Government's insurance investigation, Mr. Garrow observes that Sir Adam Beck's charges which led to this were erroneous and that his only supporter in Parliament was a Toronto insurance agent with political ambitions. So far no serious charges have been made by any witnesses, and it has been easy for the companies to disprove any statements that have been put forward. The companies have every reason to believe that the report to be brought in by the Commissioner can point to no serious evils in the business requiring any remedies by paternal legislation. Canadian fire insurance has never been a lucrative business and for this, if for no other reason, should escape undue and vexatious regulation; nor is it for the industrial interests with abnormal protection to cry out against the fire insurance companies.

The writer points out that 1916 like previous years has brought several heavy losses on manufacturing plants engaged exclusively in the production of shells or other war material. It is not thought that the losses are due to enemy activities, but in a large measure are caused by the unprecedented rush of business with its accompanying crowding, disorder, unstable construction and experimenting in new lines of manufacturing unfamiliar to both operator and employee.

UNREST AND ANXIETIES.

Summing up, Mr. Garrow remarks that the unrest and anxieties of the times seem in some measure, and with or without reason, to have communicated themselves to fire insurance, and while "wars" and even "rumors of wars" are happily absent, there are nevertheless other cares equally potent and near at hand. Among such cares burdensome taxation assumes an important place and Government inquiries into the fire business with their accompanying hints at rate control are the most disturbing; meanwhile the burning rate of the country grows and the companies who are but the instruments through which the fire tax is levied are more relentlessly punished not only in increased losses but in the increased taxation added to their expenses. Such are some of the cares of the Canadian underwriter, perhaps in many respects little different from or more onerous than those of his brethren in other fields.

ON WAR SERVICE.

Through the courtesy of Mr. Arthur Barry, manager for Canada, Royal Exchange Assurance, we have received a compilation of the members of the staff of this important Company on war service. They number 400 and to date unfortunately, 31 have been killed in action or have been reported missing. The record is a splendid one, of which all connected with the Royal Exchange Assurance may well be proud.

WAR MORTALITY AND THE CANADIAN LIFE COMPANIES.

Mr. J. B. McKechnie, F. I. A., general manager and actuary of the Manufacturers' Life of Toronto, in a review of the life insurance situation in Canada during 1916, calls particular attention to the important question of the effect of war mortality upon the Canadian life companies. If the war were to end now, he says, the effect on the companies of the past two and a half years' war claims would scarcely be felt, since these claims (large as they have been during the past year) could be distributed over a period of at least five years, owing to the fact that the quinquennial system of distribution of profits is now largely followed in Canada. The war claims already incurred would form but a small percentage of the total profits earned in a period of five years.

In Canada, Mr. McKechnie goes on to point out, the life companies have been fortunate in having a favorable mortality experience, probably not exceeding sixty-five per cent. of the expected, over a long period of years. The result has been that the policyholders' profits from mortality have been very considerable, and these profits have been in due course credited to them. The best judgment, Mr. McKechnie remarks, now would seem to be for the companies to provide generous reserves against the higher mortality which may be expected during the course of the war. If it is found later that they have acted too conservatively the matter can easily and equitably be adjusted by increasing the scale of profits to policyholders after the war is over.

The financial strength of the life insurance companies operating in Canada is such that a mortality of 100 per cent. and even more, could be experienced for many years, and still very fair dividends be paid to policyholders. There is, of course, no question as to the companies' ability to continue to pay their liabilities as they mature at their full face value.

Mr. McKechnie also calls attention to the fact that the companies have imposed an extra premium becoming operative in the event of war service, on policies issued subsequent to August, 1914, and that there is a compensating feature in the fact that the rates of interest obtainable on high grade bonds have been largely increased as a result of the war.

INCREASED FIRE INSURANCE NECESSARY.

An opportunity for fire insurance agents to not only increase their business, but to retain the good will of their customers, probably now exists in numerous cases because of the advances in values of commodities. It may not have occurred to the owners of many mercantile and manufacturing establishments to increase the amount of fire insurance carried in proportion to the advancing values of their stocks in trade. Thus a merchant whose stock was valued some months ago at, say, \$50,000, might find, upon taking an inventory at present prices, that approximately the same supply is worth \$70,000. In the meantime, he may not have increased his fire insurance commensurately with the advancing value of his stock of goods. If his policies contain the 80 per cent. coinsurance clause, and he is only carrying \$40,000 of fire insurance, on the basis of present values he is \$16,000 short of the required amount and is, therefore, insuring himself on any partial loss beyond \$40,000 and up to \$56,000.—N. Y. Spectator.