

CALEDONIAN INSURANCE COMPANY.

The annual meeting of the shareholders of the Caledonian Insurance Company was held in the company's office, Edinburgh, on the 3rd instant.

The report of the company for 1905 showed the results to have been the most prosperous in its history. Last year, the Caledonian celebrated its centenary, having been established in 1805.

In reviewing the occasion the following remarks appeared in *THE CHRONICLE*, "The financial condition of the Caledonian in the United States is well illustrated by the way it has stood the test of recent conflagrations. For the fire at Jacksonville, 1901, the net amount paid was \$107,873. Paterson, 1902, \$31,532, at Baltimore, \$248,292, all which claims were paid without remittances from head office."

Assuming the loss by the San Francisco disaster to be \$1,000,000 or \$1,250,000 at the outside, it may be pointed out, that the fire reserves of the company including the paid-up capital of \$537,500, as shown by the balance sheets on another page, amount to \$3,580,000 as at 31st December, 1905.

It was decided by the directors that the recommendation regarding dividend be adhered to, and that a combined dividend and bonus at \$6 per share be paid.

The fire premiums last year amounted to \$2,174,300, the loss and expense ratio combined was 83.34, which left a trading profit of \$362,195. The directors decided to recommend that \$250,000 be placed apart to open a special reserve fund, a sum of \$34,305 was added to the reserve for unexpired risks which left in the profit and loss account a balance, which, taken with the interest earned on fire funds, amounted to \$488,195.

In referring to the San Francisco fire the chairman stated that a clause in all their policies issued there, read as follows:

"If a building or any part thereof fall, except as a result of fire, all insurance by this policy, on such building, or its contents shall immediately cease."

Any attempt, therefore, to state the loss of any company with anything approaching exactness is most misleading, and amounts to mere guess-work.

The Canadian business of the company has been for many years, under the management of Mr. Lansing Lewis, to the advantage of the company.

SAN FRANCISCO FIRE LOSSES.

The American fire insurance companies are reported to be considering the question of raising their rates throughout the United States in order to recoup the losses from the disaster in San Francisco. We have frequently defended the companies when the public clamor has been very strong against them and upon the question of underwriting have always maintained that those trained to

the business are more competent judges than mere outsiders.

But, it appears to us that, in the present instance they will not be acting upon the principles of underwriting but from a species of panic which would be manifestly unjust. We, by no means wish to moderate the San Francisco catastrophe, or the losses it has entailed upon the fire offices. But an earthquake which is so exceptional in its results, as regards the fire hazard, should not be used in judging the risk over thousands of square miles where earthquakes are unknown.

An earthquake may be regarded as a freak of nature, it is a phenomenon wholly out of the ordinary, the calculable course of events in the physical world.

Now suppose a fire broke out in a city situated near a great reservoir which bursts its walls, just as the fire commenced, and pours a flood of water that extinguishes the fire and saves the city from a conflagration, thus saving the fire offices from losses of millions of dollars.

Were such a coincidence to occur the fire offices would owe to their immunity from heavy loss to a freak of nature, as the bursting of a reservoir, by a little license of language, may be deemed.

Should we, therefore, arguing from analogy, expect the companies to establish lower rates because they had been saved from a heavy loss by this very rare and exceptional phenomena?

The underwriters would justly laugh at such a supposition. Yet they are now talking of making New York, Boston, and other cities, pay for a freak of nature in San Francisco.

There are many San Francisco merchants who, by the late awful calamity, have lost hundreds of thousands of dollars, but we will venture to say it will never occur to those merchants, when they start once more, with that vim for which their nation is noted to look to the remainder of the United States to reimburse them for their losses. San Francisco itself, will doubtless suffer and it need not be wondered at if its rates for fire insurance are considerably higher than before the conflagration. But we cannot see the justice of saddling a loss which no underwriting experience could foresee or guard against upon the rest of the country, any more than upon great Britain, or Canada.

SAN FRANCISCO CONFLAGRATION.

Estimated net loss in California conflagrations, as supplied to the State of New York Insurance department, by the officials of companies.

Aachen and Munich Fire	\$2,000,000
Alliance Assurance	1,386,666
Atlas Assurance	1,250,000
British America Assurance	260,000
Caledonian	1,193,482
Cologne Reinsurance	375,000
Commercial Union Assurance	1,300,000
Hamburg-Bremen Fire	1,100,000