

Fire Experience Worse in U.S. than Canada

An Underwriting Loss of 4.21 Per Cent. Was Sustained in 1914—Comparative Statement Shows Canada in the Lead for Fire Loss per Capita.

The annual meeting of the National Board of Fire Underwriters in New York City held last month brought out some very interesting experiences which, because of the similar conditions obtaining on both sides of the line, are not without interest in insurance circles in Canada.

"We have been experiencing a period of business depression in this country," said President William N. Kremer, "which has affected trade and commerce, and the great underwriting interest is feeling the result of such inactivity. Under this condition fire and fire losses increase. . . . We can well afford a few moments for serious reflection as to the cause and effect of this ever-increasing burden and wanton waste of values. Briefly enumerated—fraud, arson, and carelessness are affecting the prosperity of this country to an alarming degree and retarding its advancement in many directions."

The prominence given to fraud and arson by Mr. Kremer in citing the products of industrial depression indicated apparently that these elements bring more losses to the insurance companies than does carelessness. It is not possible for insurance companies to keep records showing the annual wastage from premeditated fires distinct from others of accidental occurrence, for arson is considered one of the most difficult crimes to prove. Insurance adjusters may frequently have strong suspicions as to the cause of conflagrations intrusted to them for investigation, but securing proof is quite a different matter. The results of particular years compared with other years show to the satisfaction of insurance men what agencies have brought about their losses, and in periods of dull times, when many manufacturers and shop-keepers are not making a profit, the final records denote increased fire waste over more prosperous years. In years of bad business the moral risk in fire insurance is increased.

The total property loss in 1914 was \$221,439,350, an increase of nearly \$28,000,000 over the preceding year, while the net loss to underwriting companies was \$220,720,782. Practically half of the increase of destruction occurred in the great fire in Salem, Mass., but, without reference to this single conflagration, Mr. Kremer spoke of 1914 as a record year for destruction by fire, exceeded only by 1904 and 1906, when Baltimore and San Francisco suffered their tremendous losses.

Net premiums written during the year aggregated \$333,647,016, a gain of about \$9,000,000. Taxes were heavier than in the previous year, and, after these were paid, running expenses of the 191 companies in the Association met and fire claims paid off, it was found that an underwriting loss of 4.21 per cent. had been sustained. In another way of putting it, surplus had to be drawn upon to make both ends meet.

A study of comparative figures for world losses by fire shows that other countries were not immune from increased ravages of fire. The National Board of Underwriters received reports from as many cities as could be reached through their agencies, and worked out the per capita loss for the leading nations on the basis of the population covered in the various reports. In only five of twelve countries was there a decrease from the figures of the preceding year, as is seen in this table:

	Population		Per Cap. Loss	
	1913	1914	1913	1914
United States	33,281,804	40,213,230	\$2.25	\$2.32
Austria	2,658,078	2,734,936	.25	.42
Canada	612,453	597,709	2.46	3.58
England	7,396,664	6,919,651	.33	.67
France	3,945,743	3,659,224	.49	.63
Germany	2,559,608	836,007	.28	.17
Italy	1,161,465	1,189,458	.25	.37
Japan	2,481,528	5,611,983	.59	.44
Russia	3,710,000	1,617,157	.89	1.19
Spain	605,870	606,150	2.30	.15
Sweden	383,000	386,211	.74	.54
Holland	301,846	312,424	.11	.07

Discussing the difficulties under which fire insurance companies labor at the present time, President Kremer and other speakers referred to the burden of taxation. Mr. Kremer said:

"The increased cost of Government in State and country foreshadows little hope of relief from the excessive amount or a change in the basis of the tax on fire insurance. In common with other corporations, we must doubtless submit to a corporation tax, but we have a right to ask and demand that if a business collecting a trust fund to relieve the unfortunate is to be taxed at all, such taxation should be based on what we make and not what we lose—our profits, not our losses—for taxes levied on gross receipts are not only unjust, but opposed to every consideration of justice and fair dealing. The ratio of taxes to net premiums written, less net losses incurred for 1914, was 6.86 per cent., an increase of 1.24 per cent. over the year 1913."

In making this statement Mr. Kremer included marine insurance premiums and losses because the taxes for marine and fire insurance are not recorded separately in the statistics of the Board of Underwriters. The relation of taxes to losses for a period of years is here given:

Year	No. of Cos.	Net Premiums Written	Net Losses Incurred	Net Taxes Paid Exclusive of Real Estate Tax	Per Cent. of Taxes to Net Premiums Less Net Losses
1909	163	\$273,750,281	\$133,014,316	\$6,756,949	4.80
1910	175	287,419,898	144,888,508	7,608,949	5.33
1911	180	297,142,197	158,528,595	7,850,103	5.65
1912	183	308,606,914	163,607,021	8,202,802	5.66
1913	185	324,193,975	172,984,262	8,501,927	5.62
1914	191	333,647,016	200,720,782	9,120,508	6.86

RECENT FIRE LOSSES.

Recent fire losses reported to Superintendent of Insurance, Victoria:

Vancouver, April 22.—524 Kingsway; owner, N. J. Henry; occupant, A. R. MacDougall; two-storey frame seed store; value of building \$7,000, insurance on same \$5,000; value of contents \$10,000, insurance on same \$5,000. Total loss, \$136.30. Cause unknown. Phoenix of Hartford.

Vancouver, April 25.—1605 Nelson Street; owner, Mr. Hill-Tout; occupant, W. Watt; two-storey frame dwelling; value of building \$7,000, insurance on same \$3,000; value of contents \$1,200, insurance on same \$500. Total loss, \$61.25. Cause, defective chimney. North British Mercantile.

Vancouver, April 27.—1447 Barclay Street; owner, Frank Baynes; occupant, Miss Clermont, "West End Hospital"; value of building \$18,000, insurance on same \$16,000; value of contents \$3,000, insurance on same \$7,500. Total loss, \$70. Cause, sparks from chimney. London & Lancashire, German-American.

Victoria, April 13.—1150 Empress Avenue; owner and occupant, E. L. Bus; two-storey frame dwelling; value of building \$3,500, insurance on same \$3,000; value of contents nil, insurance on same nil.