

BRITISH FIRE COMPANIES' EXPERIENCE IN 1915.

The accounts of the British fire insurance companies for 1915 make, on the whole cheerful reading, says the *London Times* in its review of 1915's fire insurance results. After allowing for very heavy depreciation in security values the offices found themselves in as strong a position as at the end of the previous 12 months. Yet few would have predicted that in the course of a great European war they would have been able to hold their own so well. The great disturbance to trade and the loss of a large Continental business were adverse influences, yet the total premium income of 21 leading companies is a record figure and no better percentage of profit has been realized since 1910. The working results compare most favorably with those for 1914, although that year included only five months of war. These eminently satisfactory results have been secured without the assistance of any notable increase in rates, and therefore the fire offices are in a different position from many companies whose large profits have been secured at the cost of high prices of commodities to the population, and they also bear no close comparison with undertakings which have benefited from the demand for war material. A large proportion of the premium income of most of the principal companies is drawn from abroad, and it appears to have been mainly a favorable loss ratio experience in foreign fields which has produced the higher percentage of profit.

There should, of course normally be an increase in the value of insurable property, and no doubt the higher value of commodities and the increased cost of building have contributed to some extent to the increase of the premium income. It is certain that properties could not be rebuilt to-day for the same expenditure as before the war—a fact which, presumably, owners have taken into account when considering their insurances. Also the development of war industries associated with the manufacture of war munitions, especially in the early stages, has led to a certain demand for insurance, which must be regarded as of a temporary nature.

It is scarcely to be expected, says the *Times*, that financial results as satisfactory as those achieved in 1915 are again to be expected from this year's business. While the loss ratio at home has so far been rather lighter, and the experience in a number of foreign fields is at the moment not unfavorable, the losses in North America have been far more costly. Since the year has run only half its course it would be idle at this stage to prophesy. But it is satisfactory to remember that whatever happens, the offices, in spite of the severe depreciation in security values and the heavy income tax, are, thanks to the wise policy followed in the past, in an exceedingly strong position to-day.

CAPTAIN J. C. WICKHAM.

Captain J. C. Wickham, B.A., M.D., M.S., third son of Mr. P. M. Wickham, manager for Canada Yorkshire Insurance Company, who went to France in 1915 with No. 3 Canadian General Hospital (McGill), has been transferred to Moore's Barracks, Shorncliffe, England, where he is doing valuable service in rendering medical aid to returned wounded soldiers.

FIRE COMPANIES' BASIS OF RESERVE.

Superintendent Finlayson of the Dominion Insurance Department, thinks the Insurance Act should be so amended as to provide for the full reserve of unearned premiums being shown in the companies' statements instead of 80 per cent. as at present. Mr. Finlayson points out that prior to the last amendment of the Act, the full unearned premium had been the basis of reserve. The reduction in reserve recognized the fact that the expense represented by the agents' commission is incurred at the inception of policies and that since the average commission approximates to 20 per cent. of the premiums, 80 per cent. of the unearned premiums in force at any time should under ordinary circumstances be sufficient to carry the risks to maturity.

The reduction, however, says Mr. Finlayson, overlooks the fact that in the event of a company ceasing to transact business and failing to secure re-insurance, it would be compelled to distribute its assets among its policyholders, either in liquidation under the Winding-up Act or by the return of premiums called for by the contracts, and in either case, the amounts for which the policyholders would be entitled to claim would be not 80 per cent. of the unearned premiums, but the full unearned premiums. While, therefore, the company's statement on the basis permitted by the Insurance Act might show an excess of assets over liabilities, thus showing the company to be perfectly solvent, the assets might still be insufficient to pay its claims as aforesaid in full.

The lower standard of reserve may be said to be justified, continues Mr. Finlayson, by the fact that the business has a certain value in re-insurance and that as a rule a commission of at least 20 per cent. of the unearned premiums could be obtained from the re-insuring company. It must be pointed out, however, that cases have arisen in the past, and may arise in the future, where owing either to the undesirable nature of the business, or to the inadequacy of the original premiums charged, re-insurance is impracticable. The assumption that a commission of at least 20 per cent. could be obtained in re-insurance is equivalent to including in the assets of the company an item for the value of goodwill and organisation and it has quite properly in the past been the practice of the Department to disallow all intangible assets of such a nature.

Mr. Finlayson, therefore, thinks that the Act should be amended to provide for the full reserve of unearned premiums being shown in the companies' statements.

NATIONAL LIFE.

The National Life of Toronto reports June as one of the best months in the Company's history. Nearly a million of new business was written during the month.

Mr. A. J. Ralston, managing director, has recently returned from a tour of inspection of the Company's western agencies, and is very optimistic regarding prospects of a continuation of the large volume of business which the National Life has been receiving from that section.

"The flames spread with American speed."—*Coast Review*, describing a fire.