

THE STANDARD FIRE INSURANCE COMPANY OF HAMILTON.

(The Amalgamation of the Standard and Alliance).

An Act was passed on the 1st of February, 1883, amalgamating the Standard and Alliance Fire Insurance Companies of Hamilton, as the "Standard Fire Insurance Company." We propose to draw the attention of our readers briefly to some of the figures of the united companies, as represented in the Ontario Government Report on December 31st, 1882.

We find, according to this statement, that the total *Assets* of the Standard and Alliance amounted to \$109,757.25, and the total *Liabilities* to \$113,962.65, on the 31st December, 1882, from which it will be seen that the *Liabilities exceeded* the *Assets* by the sum of \$4,205.40.

During the year 1882 the actual cash income and expenditures were as follow :

INCOME.	
Gross Prems. received.....	\$65,101 96
Interest and Dividends.....	4,534 53
Other sources.....	5,197 86
Total income.....	\$74,834 35
EXPENDITURE.	
Losses paid.....	\$44,386 32
Re-insurance and returned premiums....	3,901 80
Expenses of Management.....	23,007 35
Other expenditure.....	8,368 48
Total expenditure.....	\$79,663 95

The cash expenditure, therefore, exceeded the cash income by the sum of \$4,829.60. Of course we have not included the "Bills Payable," \$11,765.72, and "Calls on Capital Stock," \$5,250, as part of the income of the two Companies. The appearance of these two items, amounting to \$17,015.72, denotes such a truly melancholy state of affairs that it is quite unnecessary for us to make any comment on them.

The *Liabilities* of the united Companies include :

Unpaid losses.....	\$17,676 00	(In Ont. alone.)
Bills payable.....	31,634 10	
Expense account.....	2,735 42	
Other liabilities.....	3,110 08	
	<hr/>	\$55,155 60

Whilst their available *Assets* consist of,

Cash.....	\$17,127 91
Bonds, Mortgages, Stocks and other investments.....	32,661 56
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	\$49,789 47

Of this latter amount some \$35,000, or thereabouts, is supposed to be locked up in the Treasury of the Ontario Government, to meet, among other contingencies, the possibility of the Company's insolvency.

This possibility, or rather probability, suggests, moreover, another liability, which has never to our knowledge appeared in the accounts of any Company, and that is, the cost of winding up. It is an unknown but very real quantity. The Standard makes, as we have previously pointed out, but a miserable showing even during its existence, in the nature of its assets and the proportion they are of its liabilities;

but when it once passes into the hands of a liquidator its very few valuable assets will undergo a marvellous shrinkage, and the unfortunate loss claimants and other creditors need not hope for a large dividend.

The total expenses of management of the two Companies amounted to \$23,007.35, and their net income to \$61,200.16, in other words, the expenses of management were 38 per cent. of the premium income.

The net losses amounted to \$51,923.84, thus :

Amount paid.....	\$44,386 32	
Amount to pay.....	17,676 00	
	<hr/>	\$62,062 32
Less unpaid losses from 1881 account.		
Standard.....	\$6,487 50	
Alliance.....	3,650 98	
	<hr/>	10,138 48
Net losses incurred in 1882.....		\$51,923 84

The loss ratio was therefore 85 per cent. of the premium income, to which, if the expense ratio, 38 per cent., be added, the total is 122 per cent., or an expenditure of \$122 for every \$100 received. The Standard's officers say they consider this a satisfactory showing, but we do not think any of our readers will agree with them. Our readers can easily figure out for themselves how many "satisfactory" years like 1882 it will take to place the Company admittedly and beyond concealment in bankruptcy, even if the Inspector of Insurance for Ontario will step in before then.

THE SUN FIRE OFFICE.

The mystery surrounding the size and strength of the Sun Fire Office, of London, has, in a measure, been removed by an official statement of its financial condition. In analyzing the exhibit for the benefit of the curious, the *Review*, of London, says :

From the recent publication of the figures of this institution, it appears that, for the first time in the history of the office, the veil of secrecy has been lifted which concealed its operations from the public view. Even now we are not fully informed as to its exact position, but from the affidavit sworn to by the chairman and treasurer on November 24, 1882, it would appear that on that date the value of the property in the hands of the management was as follows : Real estate, over £200,000; stocks, bonds, and other securities, £1,100,000; other property to the extent of £100,000; representing a total of £1,400,000. The affidavit proceeds to state that the convertible assets in possession of the society are estimated to be in excess of all liabilities, including the unearned premiums and outstanding risks, to the extent of a million sterling, leaving, therefore, the sum of £400,000 to represent the existing liabilities of the office. These liabilities would principally consist of unearned premiums, losses matured and not yet paid, etc. This would appear to give a very large amount of reserve to set against the unearned premiums, but of course the paid-up capital of the company is included as one of the liabilities in accordance with the custom in which annual returns are made in the United States. It should appear, therefore, that the surplus reserve fund of the Sun Fire Office is about one million sterling, excluding capital and the amount set aside to meet the risk of the unearned premium account. To arrive at the premium income it is, therefore, only necessary to deduct the paid-up capital or proprietors' fund from the £400,000, and assume the balance to represent something like 40 per cent. on the total premium income.