

far as same concerns any one of the various Provinces thereof.

The details furnished to this Committee, *it should be arranged in advance*, would be only seen by its Secretary, or Actuary, by whom they would be destroyed or returned to senders as fast as merged into aggregates.

A "Fire Underwriters' Clearing House" for exchange of experience among its members, such as above roughly outlined, could be so economically run and so easily formed in Canada and by the correct application of its experience tables so speedily eliminate the rule of thumb system of rate-making at present obtaining, and substitute therefor rates based upon the actual combined experience of the operating Offices that I shall look with hopeful expectation for some of the leaders, the faithful few, in the different Associations, to make a start in this direction at an early date.

In 1875 the Finance Department of the Dominion Government established the present Insurance De-

partment, whose own statistics, therefore, only cover a period of twenty-two years.

We have already seen the result of Fire Underwriting in Canada over a period of twenty-five years; let us now glean from the last (1896) published Report of the Superintendent of Insurance how the companies of the different countries doing business in Canada since 1875 have prospered. The following are the Official figures so far as premiums and losses are concerned; but with regard to the expenses of the English and American Companies, I have figured the former over a period of years from returns tabulated in the *London Review*, while the latter are assumed; both ratios, however, seem reasonably low. It must be borne in mind that the expenses appearing in the Government Reports are "Agency" only, so far as foreign Companies are concerned, while they embrace Agency and Head Office both in the returns of the Canadian Offices and in order to get all offices on a similar basis for the purposes of comparison, an average expense ratio over each Company's entire Business must be taken :

RESULT OF FIRE UNDERWRITING IN CANADA FOR THE 22 YEARS ENDING 31ST DECEMBER, 1896.

Companies.	Net Premiums.	Net Losses paid.	Per-centage.	General Expenses.	Per-centage.	Total Payments.	Per-centage.
Canadian .....	\$ 75,944,196	\$ 53,748,839	70.73	\$ 24,398,576	32.10	\$ 78,147,415	102.83
English.....	73,625,561	50,078,365	68.01	24,038,745	32.65	74,117,110	100.66
American.....	11,649,739	7,880,184	67.64	3,883,246	33.33	11,763,430	100.97
Totals.....	\$161,229,456	\$111,707,388	69.27	\$ 52,320,567	32.44	\$164,027,955	101.71

Showing a "trade" loss, during above period, of \$2,758,458, distributed as follows:—Among Canadian Offices, \$2,153,218, English Offices \$491,549 and American Offices \$113,691. Or, in other words, for every one hundred dollars of premiums received by the Canadian Offices in Canada during the past twenty-two years they have expended in losses and expenses alone \$102.83; while the English Offices have expended \$100.66; and the American Offices \$100.71. A little figuring will demonstrate that the Canadian Offices in the Aggregate have been "*chucking*" away good money in Canada at the rate of about *one hundred thousand dollars per annum* since 1874 in the fire insurance branch of their business; and that the Companies of the other two countries, while more fortunate, have still not come out upon the right side by any means.

In the Banking branch of their business, however, the Canadian Offices have done remarkably well and show quite a snug profit. The figures are in their way interesting, and are as follows:—

Income, 1875 to 1896 (inclusive), from interest on investments.....	\$3,322,924.93
do From premiums on new issues of Stock, rents, etc.	591,212.05
Aggregate Banking income.....	\$3,914,136.93
Less paid in dividends to shareholders.....	3,028,738.64
Net income from Banking.....	\$885,398.29

which, applied in reduction of their "Underwriting" deficit, brings same down to \$1,267,820.27, at which amount it appears in the Blue Book.

What, then, shall be done to render it possible for fire insurance companies doing business in Canada to earn not only a fair rate of interest upon their invested capital, but an over-and-above margin toward the ever-essential Reserve or Conflagration fund? An immediate advance in rates would appear, *prima facie*, an absolute necessity; but in what part of Canada—in what particular Province, or Provinces, shall the advance be placed? Aye, there's the rub!

A Committee, organized on lines above suggested, would be able to demonstrate whereabouts in Canada and to what exact extent rates should be advanced, from time to time, and would not only compile all essential statistical data growing out of the movements of the business in Canada, but be available, also, and this is quite an important feature of its usefulness—as an Arbitration Committee, to which all disputes or misunderstandings of sufficient moment from time to time arising in the various Provincial Associations could be referred for adjustment. Such an organization would, *it seems clear to the writer*, be a long step toward an intelligent solution of the difficulties with which fire underwriting in Canada has had to grapple for 10! these many years.

X. Y. Z.