SMALL RETURNS FROM FIRE INSURANCE.

The interest of the public in fire insurance is in two principal elements, safety and cost. The demand is that insurance shall be unquestionably safe. This is of paramount importance. Insurance companies are among the soundest of our financial institutions, as regards the insured. Laws and supervision see to this.

Yet no business shows a greater percentage of retirement of companies than fire insurance. Policyholders are protected at the cost, if necessary, of the stockholders. Not only are losses promptly paid, but the law compels the companies to set aside a sufficient fund to safely reinsure their outstanding business in case of retirement. This protects the policyholders. If income over losses and expenses is not enough to provide for reinsurance reserve, the surplus, which belongs to the stockholders is drawn upon. If the capital becomes impaired, one of four things must be done. The company must reduce its capital stock, or assess the stockholders, or merge with another company, or reinsure its outstanding risks and retire.

A HEAVY MORTALITY.

On January 1st, 1871, there were 105 fire insurance companies in New York. Only 20 of these are now in existence. Since that date, 81 companies have been organized in New York. Only 24 of these survive. Of the total of 186 companies, therefore, 142 have been taxed out and burned out on account of the excessive fire waste, and what remained of their thirty millions of capital has been invested in more profitable ventures.

Forty-seven years' statistics of fire insurance companies transacting business in Canada under the license of the Dominion Government show an all-over rate of losses and expenses paid to premiums received of well over 90 per cent. When allowance is made for re-insurance reserve and the necessary conflagration reserve, it is obvious that only a very small profit has been obtained—hardly equal to the returns on an ordinary high-class investment.

These statistics prove that fire insurance is not highly profitable, as most people think; that capital invested in the business is subject to great risks; and that the policyholders are protected at all hazards.

FIRE INSURANCE A HAZARDOUS BUSINESS.

No other business hazards its capital stock as much as fire insurance. Stockholders are likely to suffer heavy assessments or lose their entire investment when conflagrations occur. Hence they should be entitled to good profits in favourable years. The record of Canadian companies which have had to go into liquidation as a result of losses other than conflagration losses shows that they frequently do not obtain them.

The companies must not only meet current losses and expenses and maintain a reinsurance reserve, but they must build up an immense reserve to provide for the ever present conflagration hazard. When all these are taken from the company's income, very little is left for stock dividends. In the last ten years in fact, the successful American fire companies have suffered an average underwriting loss of about sixty-two hundredths of one per cent. Investment profits cannot be counted, because these could have been earned in other fields, without the risk attending fire underwriting.

MORTGAGE MONEY NOT BEING WITHDRAWN.

A satisfactory sign of the times is that British investors are not withdrawing mortgage funds from Canada in spite of the moratorium legislation passed in the province of Manitoba and elsewhere. The second week in November is a time when considerable settlements of this kind are made and the managers of mortgage companies generally report that while a certain amount of funds have been withdrawn, this withdrawal has not been more than normal, and the companies have been pleasantly surprised at the extent to which the obligations have been renewed. Many loan companies were prepared with cash to an unusual extent to meet maturing obligations, but the precautions taken in this direction have proved to be unnecessary.

The facts are a striking tribute to the trust and confidence felt by the British investor in the Canadian mortgage companies, under circumstances which are by no means favourable to those companies. Mortgage money constitutes a most important part of the flow of British capital to Canada. The companies reporting in Ontario have outstanding about $80,000,000 of debentures payable abroad. As under present circumstances the amount of those debentures is being well maintained, it may be assumed that when the outlook becomes more clear, the companies will receive further large supplies of British capital which will be of great service in the future development of Canadian production.

DRAWBACKS OF UNLICENSED INSURANCE.

The regulation of unlicensed insurance is a question that vitally concerns all insurance departments. This refers to all classes of unlicensed insurance. It is surprising that some of our citizens and good business men continue to patronize the unlicensed concerns. Their contracts are null and void under our laws, and are not enforceable in our courts. Parties placing insurance in such companies have the following conditions to contend with:—First, the difficulty in case of any loss which may occur as the policyholder is without recourse to the courts of the province to secure his rights, and of necessity must resort to the home state of any such company; secondly, the insurance branch, having no jurisdiction, would be unable to assist the assured in any way. The operation of the Saskatchewan act will tend to lessen the amount of unlicensed insurance, there being no discrimination between insurers by its terms.—*A. E. Fisher, Ins. Supt. of Saskatchewan.*

The death is announced of Mr. William Murray, for fifteen years manager of the Canadian Bank of Commerce at Vancouver.