

THE EARNINGS OF FIRE COMPANIES.

Some Comments on Recorded Results.

The figures published in our issue of last week, conveyed to underwriters, and those interested in the fire companies, the gratifying information of a very considerable increase in the premium income of the companies whose transactions for last year were recorded. It must, however, be remembered that the companies furnishing these statements only constitute those licensed by the Dominion Government. To properly gauge the increase in the insurance business, the companies operating under the sanction of provincial charters should also be taken into account. Their figures are not easily obtainable, but it is only reasonable to suppose that the production of same would show a degree of prosperity equal to that reported by the companies operating under dominion charters.

In considering the noticeable increase in the premium income, it would be interesting to know how much thereof is derived from the lower and maritime provinces. We venture to think the experience of the companies would show that the increased earnings arise from the expansion of business in the North West, and particularly in the province of British Columbia.

While this increase of premium income is extremely gratifying to all who recall several seasons of serious depression in the fire business, it must not be forgotten that, with every additional \$100 of premium, the companies assume an added risk and increased liability. It is therefore necessary in forming an accurate estimate of the true results of the business of last year, that this point should not be overlooked. For example, it is found in the practical working of the business that, for every \$100 of premium income, a company must reserve at least 60 per cent. to meet possible losses on policies maturing during the ensuing three years. As a further illustration of this feature of the situation, we would point out that, on the increased premium income of last year, \$701,677, as given in our recapitulation of last week, a sum of at least \$421,000, must thus be reserved by any calculating critic of actual results to meet these ensuing liabilities. When this is done, it adds about 5 per cent. of the premium income to the loss ratio. Thus, while the cash transactions of companies for the last year established an apparent loss ratio of 56.02 per cent., the inevitable reserve herein indicated would increase this, for purposes of safe and prudent calculation, to 61 per cent.

From these results, it will be readily seen that what appears at first glance to have been a good year, is in reality a period during which the companies have earned simply a fair margin of profit on the investment of their large capital. The outcome of the business of 1899, does not materially help to reduce the serious losses of previous years. Moreover, another important factor which has to be reckoned with, in connection with the fire insurance business, is the conflagration hazard, which is an unknown quantity.

THE TEMPERANCE AND GENERAL LIFE ASSURANCE COMPANY.

The Fourteenth Annual Statement of the above Company is published elsewhere in this issue of THE CHRONICLE. Mr. Sutherland, the managing director, in his Thirteenth Report to shareholders and policyholders congratulated them upon the excellent business transacted during the year 1898. Good as that record was, the directorate of the Temperance and General say of the transactions of the past twelve months: "it has never been our good fortune on any previous occasion to be able to point to a record of which we had so much reason to be proud as we have of the record of the past year." The figures shown in the statement are satisfactory evidence of healthy growth and progress, and the character of the assets shows the most careful supervision.

The total income for the year amounted to \$242,967.77, an increase of \$30,000 over the preceding twelve months. The total expenditure amounted to \$146,012.96, as against \$127,166.08 in 1898. The total insurance in force at the close of the year, nearly nine and a half millions of dollars, represented 8,289 policies on 7,672 lives, of which the Temperance section of the company claims 6,595 policies, representing over 7 1/4 millions. The assets of the company are valued at \$794,505.66, being an increase for the year under review of \$127,000.

The insurance applied for during the year was over \$800,000 in excess of 1898, and the total gains of insurance now in force are about double those of any former year, the gain in temperance section alone being 1,075 policies for \$1,193,000. With the continuance of a low death-rate, and the extension of its business to Manitoba, British Columbia and the North-West, the Temperance and General has a good present appearance and a bright future, upon which we congratulate its president, and Mr. Sutherland, the managing director.

OPEN COMMISSIONS AT LOUISVILLE.—At its last meeting the "Western Union" made Louisville an excepted city. It was expected that the existing rate of commissions of 25 per cent. on preferred and 20 per cent. on non-preferred classes would satisfy the most liberal of the high commission companies. It appears, however, that in the hope of gaining an advantage some companies as soon as the commission rule was rescinded offered local agents 25 per cent. flat. Others learning of this have, it is claimed, gone one better, and are now offering 25 per cent. flat and a contingent, or 30 per cent. flat, in each case predicated on the amount of business given. The Louisville agents generally have been very conservative on the commission question, but certain overzealous special agents and managers have forced high commissions to the front, and as a result there will be new agencies established, and an increase in the number of solicitors. It is stated that any new applicants for agencies at this city must be prepared to pay at least 35 per cent. if they want any kind of an opening.