

Insurance.

INSURANCE IN THE STATE OF NEW YORK—BARNES REPORT.—We find the following condensation of a portion of Supt. Barnes report on the insurance business of the State of New York in the N. E. *Insurance Gazette*. The calendar year 1867, for which this Report is made, has brought partial relief to the Fire Insurance Companies and stayed the visitation of a great calamity, not only upon the stockholders of Fire Companies, but upon the general commercial and industrial interests of the whole nation. The year's 1865 and 1866 made such serious inroads upon Fire Insurance capital and accumulations as to threaten the destruction of many companies, unless the results of future years should prove more favorable and profitable.

The adjustment of a proper rate of premium for all species of hazards on each thousand dollars of risk carried for a year, is a great public desideratum. It is fundamentally essential that this rate should be adequate to pay the losses on its own class of risks, with a fair margin of loading for expenses and profit to stockholders, or to both stockholders and policyholders. To the extent that hazards can be accurately classed and truly rated, will the business assume a scientific character, and reach a solid and sound foundation for enduring success and prosperity. The accomplishment of this purpose can be best promoted by a general collection and compilation of the private information and experience of the individual companies, by an able committee of experts working for the common advantage of the companies and the public.

The actual work of collecting and arranging the Statistics of Fires in all sections of this country, and adjusting a net rate of premium adequate to provide a fund to meet the losses, is not the only object of these investigations; an analytic and scientific inquiry should be made, not only as to the actual historic facts, but as to their physical and moral causes. Take the single case of spontaneous combustion—how many agents and policyholders have the requisite knowledge to prevent and avoid fires of this nature? The inventive genius and multiplied resources of modern times are vastly increasing, also, the number of incendiary articles: coal oils in all their varied forms, nitro-glycerine and other new articles of commerce demand constant study, care and watchfulness. Many fires are doubtless caused by a violation of the plainest principles governing the storage and use of these articles, and it may be questioned whether it is not much cheaper for the companies to collect and disseminate information on these subjects than simply to charge excessive premiums in order to pay excessive losses.

The fearful crime of arson seems to be increasing, and the practical underwriter should scan the moral hazards in this direction with an omniscient ken. Many difficulties ordinarily obstruct the complete discovery and proof of incendiary fires, whether originating with the owner or other persons, and it may become necessary to allow a Fire Marshal or other officer, as in San Francisco, to take entire possession of any building discovered to be on fire, and thus preserve any evidences of guilt which might otherwise be destroyed. If our losses continue to increase so alarmingly, a joint Commission of enquiry on the part of the State and of the State Board of Underwriters, might subserve the public interests in the premises. It is said that the ancient punishment of incendiaries was death by fire, thus visiting on them a fate which their crime might inflict upon others.

There were five companies in the State that were assessed to the amount of \$178,500; and the following companies suspended, the New World, Morris, Brevoort, Indemnity, Croton, Central Park, Harmony, Franklin, Gallatin, North Western. He gives a table showing the various percentages and amount of Net Surplus over all Liabilities including Scrip and Capital, held by New York State Joint-Stock Fire Insurance Companies, on the 31st day of December, 1867.

Percentages of Impairment of the Capitals and Scrip funds of N. Y. also a table showing

the State Joint-Stock Fire Insurance Companies, on the 31st day of Dec., 1867.

The last Report from this Department, showed that the Capitals of thirty-three New York State Joint-Stock Fire Insurance Companies were impaired various percentages, amounting in the aggregate to \$2,218,212.26; the above table shows less than half of this amount of deficiency, which is confined to sixteen Companies.

Complaint has been made to the Superintendent that some Companies unfairly reduce their Liabilities under the item of Re Insurance, by stating the *net* instead of the actual *gross* amount of premiums received on outstanding risks. The Re Insurance fund for unexpired fire risks being fixed at one-half the premiums received thereon, a diminution of such premiums of course reduces Liabilities and may result in showing a fictitious surplus; it seems to be a work of supererogation to state that any reduction from the gross amount of premiums for brokerage, commissions or for any other expense, is not allowable under the blank form for Annual Statements, and is a plain and palpable misrepresentation of the actual facts. Such an evasion also creates a necessity for another misrepresentation; the actual Expenditures are misreported by excluding the amount paid for commissions and other expenses; thus culpably diminishing the ratio of expenses to income. All such subterfuges are unworthy of the business, and if therefore practised, should be discontinued voluntarily in advance of any compulsory measures for their suppression.

The same number (nine) of New York State Mutual Fire Insurance Companies are now transacting business as at the date of the last Annual Report of this department. The average percentage of losses to premiums of the Mutual Companies was only 38.54 for the year 1867; the average loss to premium, including assessments however for a period of fifteen years, (1853 to 1867), is 61.40 per cent. This ratio is higher than the average percentage of loss to premiums of the New York Joint-Stock Fire Insurance Companies, which is 58.65 for a period of twenty years, (1848 to 1867.) The average loss of the Joint-Stock Fire Insurance Companies of other States for a period of eight years, (1860 to 1867), has been 65.59 per cent.

There were 12 new Companies admitted to the State to do business, the greatest number since 1860, and 4 old ones re-admitted, for the 15 months to April 1, 1868. The laws of this State do not require any deposits to be made by American Fire Insurance Companies for the security of New York policy holders, unless such deposits are imposed upon New York State Companies by the laws of some other State of the Union, in which case such deposit requirements are reciprocated upon the Companies of that particular State. If deposit laws are considered necessary, the deposits should always be made in a Company's own State for the benefit of all policy-holders, and the rule should apply equally to local Companies and to those of other States. He gives a list of 2 Companies from California, 11 from Connecticut, 2 from Illinois, 3 from Maryland, 13 from Massachusetts, 4 from Ohio, 6 from Pennsylvania, 8 from Rhode Island, and 4 from Great Britain doing business in New York on the 1st of April, 1868. They all have 1,353 agents. He also gives a table shewing the surplus held by 30 Fire Insurance Companies of other States 31st of December, 1867, showing a capital stock of \$9,450,000; an amount of net surplus of \$4,886,389.76, and the average percentage of surplus to be 51.70. He also presents a statement of the various percentage of impairment of the Capitals and Scrip Funds of the 131 Fire Insurance Companies of other States, on the 31st day of December, 1867. There is a table which shows the Premiums and Losses of the Fire Insurance Companies of other States in this State during last year. Their average percentage of loss is about the same as the average Fire losses for the last twenty years. The premiums amount to \$3,339,339.66, and the loss to \$2,076,594.95.

The Annual Statements for the entire business of European and other foreign insurance companies, are now required to be filed in this Department on the first day of June, or within thirty days thereafter, made out for the calendar year ending on the preceding 1st day of

December, the published statements of these companies therefore, contained in the Annual Report, cover the calendar year prior to that covered by the statement of American companies. The supplementary statements of foreign companies, however, show their business in this country for the same year for which our own reports are made. The deposit of \$200,000 required of foreign companies, obviates, to a considerable extent, the necessity for statements within thirty or sixty days after the expiration of the year, and their extended business and usual practice in preparing statements and holding annual meetings, render such prompt returns extremely difficult if not impracticable. The annual exhibit from the Home Office is due at this Department within six months from the expiration of each year, although the same is not published until the next year.

AMERICAN INSURANCE CASE.—A case of some interest to underwriters, and the insured, was recently decided in the Supreme Court of the United States. In 1861 a Michigan agent of the Aetna Insurance Co., being supplied with blank policies, duly signed by the officers of the company, filled up one of them for \$1,733, upon the schooner *Ottawa*. After delivery of the policy, the owner was requested to sign a printed form of application, upon which was a printed memorandum, as follows: "The insurance on this application is to take effect when approved by E. P. Dorr, general agent of the Aetna Insurance Company, at Buffalo, N. Y." It appears that this paper was immediately sent to Mr. Dorr, who did not approve the risk, and wrote to Webber, the agent in Michigan, directing him to return the premium note to the owner of the vessel and cancel the policy. Webber, not satisfied with this action of his principal, appealed to Mr. Bennett, another of the Western general agents of the Aetna, and did not carry out the instructions, but retained the premium note, and allowed the policy to remain. The owner knew nothing of these subsequent features of the transaction until his vessel was lost, and he demanded payment of the policy. This was refused. A suit was thereupon brought into the United States Court in Michigan, and resulted in a judgment, asserting the responsibility of the Company on the policy. This judgment is now affirmed by the Supreme Court.

FIRE RECORD.—Clover Hill, Co. Simcoe, Ont., May 10.—Coffee's frame hotel, with contents and stables and outbuildings, valued altogether at \$5,000. Insurance on buildings and contents \$2,200 in the Provincial. Also, the adjoining blacksmith shop of Alex. Graham, loss \$600; no insurance. The fire is supposed to have occurred from foul stove pipes, when the inmates were all absent at church.

Formosa, near Goderich, May 7.—Carding mill of J. B. Krotsch totally destroyed; loss \$4,000; no insurance; cause, a stove pipe passing through the roof insufficiently protected.

Rockton, near Dundas, Ont., May 13.—Dwelling of J. Jackson; contents partly saved; no insurance.

Collingwood, May 14.—Mr. Neff's grocery, owned by James Lindsay, which, with Neff's goods were insured; fire originated from a stovepipe running through the roof of the kitchen.

Hull near Aylmer, Ont., May 7.—Four houses entirely destroyed; caused by carelessness.

Montreal, May 15.—A fire broke out in the petroleum Gass Company, Great St. James street; loss considerable; the fire originated by a lighted match coming in contact with a quantity of naphtha; no statement as to insurance.

MARINE RECORD.—May 15.—Ship *Cassidy Scott*, of Dundee, with a cargo of wine, fruit, &c., a total wreck in the St. Lawrence, near Gaspe. Also, schooner *James Edwin*, with a cargo of salt, on the island of Anticosti; all hands lost. Also, the schooner *Naine*, on Anticosti, laden with flour; all hands lost. The vessel lies bottom up.

Oakville, May 18.—Schooner *Minnie Proctor*, cargo of coal for Toronto, a total wreck, no insurance on vessel or cargo, cargo mostly saved.