BUSINESS OF CANADIAN FIRE INSURANCE COMPANIES AT HOME AND ABROAD.

A week ago there was published in THE CHRONICLE an abstract of fire insurance business transacted in Canada for the year 1908. This showed that the ratio of net losses paid to net premiums received by domestic and foreign companies, on Canadian fire business only, was 60.33 per cent.—as compared 52.41 per cent. in 1907, and 44.83 per cent. in 1906.

This week an exhibit is given of the total business of Canadian fire companies operating under Dominion charters (including both fire and marine, whether at home or abroad) and also of the total Canadian business (fire, marine and tornado) transacted by licensed British and American companies. From this table it will be seen that the loss ratio of Canadian companies on their total business was no less than 72.87 per cent. of premiums received. Chelsea conflagration claims combined with inland marine results to make the general showing decidedly disappointing. In view of such experience there is satisfaction in knowing that during recent months certain older established companies doing business in the United States have been thoroughly weeding out their risks in that field—special care being taken to guard against the conflagration hazard. That all other Canadian companies doing business across the border will exercise similar caution is greatly to be hoped. Even the most seasoned British underwriters find the United States a field where well nigh eternal vigilance is a *sine qua non*.

Criticism as to the expense ratio of the companies is not infrequently made. And certainly if material reductions could be effected, stock-holders and policyholders might alike rejoice. But, as a recent pamphlet of the National Credit Men's Association reminds United States business men, "Insurance is an expensive business to carry on. If companies follow sound principles they are scattering their risks widely and giving intelligent inspection, all of which means heavy expense. Keep this well in mind when criticising expense." This is not to say that individual companies do not sometimes show undue swelling of their expense accounts; but for a company transacting a general business to cut down expenses below a certain point seems in the nature of things impracticable. The New Zealand Government Fire Office has apparently found an expense ratio of 33⅓ per cent. necessary—despite the expressed purpose of the state department to improve upon company results and methods of management.

As has previously been emphasized in these columns, a serious mistake is made when the entire management cost of companies is considered as so much lost by policyholders. The expense entailed, for instance, by the application of scientific rating methods—based on expert inspection, comparison and classification of risks—benefits the public very directly. There is thus secured a much more equitable distribution of the loss-burden (the essential function of fire insurance) than could otherwise be possible.

Of special interest is the column in the accompanying table which relates to average rates of premiums charged by the companies. These ratios in the case of Canadian companies relate to their total business—fire and marine, both at home and abroad. The ratios per cent. for *Canadian fire business only* are as follows: Acadia 1.45, Anglo-American 1.53, British American 1.37, Canadian Fire 2.24, Central Canada Manufacturers 1.15, Dominion Fire 1.55, Eastern Canada Manufacturers 1.15, Equity 1.43, London Mutual 1.48, Manitoba 1.60, Mercantile 1.51, Montreal-Canada 1.53, Nova Scotia 1.48, Ontario 1.77, Ottawa 2.10, Quebec 1.38, Richmond and Drummond 2.10, Rimouski 1.59, Sovereign 1.62, Western 1.35—the average being 1.52 per cent.

In the cases of British and American companies Canadian business only is, of course, considered—but it includes inland marine and tornado insurance as well as fire. When Canadian fire business alone is considered, the rate ratio for British offices works out at 1.48 per cent., with 1.54 per cent. for American companies.

Taking all fire business transacted in Canada during 1908—by Canadian, British and American companies—the rate ratio is 1.50 per cent.

During recent years the general trend of fire insurance rates in Canada has been downwards. In 1904 the average fire premium paid was $1.60 per hundred as compared with $1.53 in 1906 and $1.50 in 1908. The changes scarcely bear out the complaint sometimes heard that the companies are always increasing rates. They indicate, on the other hand, the practical recognition given by underwriters to improvements in building construction and fire protection methods. And, further, that property owners have chiefly in their own hands the obtaining of lower insurance rates—individually by attention to premises owned or occupied, collectively by seeing to it that municipalities take steps necessary to remove conflagration chances and minimize current fire waste.

FIRE AT BERLIN, ONT.

By the fire which occurred on the 9th instant, on the premises of J. Y. Shantz & Son, Company, Limited, the following companies are interested:

Atlas	$3,500	Union	$6,000
Alliance	5,000	Phœnix of Hartford	2,500
Commercial Union	3,500	Sun	7,000
German-American	5,000	Yorkshire	5,000
London Assurance	2,500	Royal	6,000
Manitoba	3,500	Economical	4,000
North Brit. & Mer.	2,000	London Mutual	4,000
North America	5,000	Queen City	3,000
London & Lancashire	5,000	Merchants&Manufcts.	2,500
New York Underwriters	3,500	Ontario	3,000
Norwich Union	10,000		
Phœnix of London	10,000		$101,000

Total loss.

PORT ARTHUR, ONT., hopes to have the biggest dry dock and ship building plant on the Canadian side of the Great Lakes. An agreement was signed recently on behalf of the city with a new company known as the Western Dry Dock and Shipbuilding Company, Limited, composed principally of Cleveland capitalists, which calls for the construction equipment and operation of a dry dock capable of receiving the largest vessel on the Great Lakes, and shipbuilding plant capable of building such vessels.