

FIRE INSURANCE IN CANADA.

We publish below an article on Fire Insurance in Canada which has been communicated to us by a fire insurance official of many years' experience, whose views it expresses. His suggestions are worthy of consideration. Some years ago THE INSURANCE CHRONICLE made suggestions on somewhat similar lines. We pointed out the desirability of a statistical record being kept respecting the various classes of risks in Canada, as well as of those in various localities. The suggestions we made were not carried out. We know that a number of fire insurance companies compile such statistics on the plan indicated in Griswold's Classification of Fire Hazards. It is highly desirable that all the fire insurance companies should have this work, and keep a record on the lines it lays down, as some day they might desire to exhibit their combined experience, which would be of great value to each and all. The advantage of having a combination of statistics of fire hazards carefully collated is too obvious to need enforcing. The experience of twenty-five companies for one year would be more useful than the experience of one company for twenty-five years, though the results of the twenty-five companies might be modified by the conflagration hazard.

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What are the reasons, I wonder, why the Canadian field has rendered such poor returns to the Fire Insurance Offices operating therein? Take, for instance, the following figures, extracted from official reports, exhibiting the trade income and expenditure of companies having Dominion License during the twenty-five years preceding 1897—a fairly long period, surely, for the working of the law of average:—

From January 1st, 1872, to December 31st, 1896.

Net Premiums received.....	\$120,019,276
Net losses paid (68.96 p.c.)	\$82,767,934
Expenses (estimated at 32.50 p.c.).....	39,062,651
	121,774,599

Excess of Expenditure over Income.....\$1,754,923

or an average "trade" loss to the Companies of over seventy thousand dollars per annum during the past quarter of a century.

Of course, the adverse balance caused by the St. John, N.B., fire in 1877 is the primal cause of the above adverse showing; but surely it is time to admit that an adequate loading must be made to current rates to provide for occasional conflagrations, of which, by the way, there have been no less than three extensive ones during this present year of grace alone.

Let us see what has been done in Canada by the Fire Underwriters to improve matters.

In 1889 the average rate obtained in the Dominion was 1.16 per cent. and in 1896 1.25 per cent., a gain of nine "points" in seven years.

But the average rate over this period was 1.19 per cent., and assuming that ten per cent. of the net pre-

miums should be retained to make fire underwriting a safe and fairly remunerative business (that is, a loss ratio not exceeding 57 1-2 per cent. and expense ratio of not over 32 1-2 per cent.), the average rate over the period covered by the figures first above given should have been 1.30 per cent. in order to have warranted so high a loss ratio as 68.96 per cent.

Manifestly, Canada has not, over its entire business, as recorded in Official returns, contributed one dollar of fire underwriting profit during the past quarter of a century. It is true that some Companies have, during that period, made a fair margin of profit; but on the other hand many have been altogether ruined and others constrained to withdraw from the country, in whole or in part, or, if of local origin, discontinue the business, after a fair trial, in despair of ever being able to "make both ends meet."

Had rates, since the St. John fire, been kept up to a paying point, the net premium income in Canada would have been enhanced by the sum of \$6,744,722, after deducting the average percentage to cover expenses—a sum just about equalling that paid by the Companies by reason of that fire, and enough to have made, for the past twenty-two years, fire underwriting in Canada a fairly profitable and pleasant business instead of the fever of unrest and constant anxiety it has been.

From British Columbia to Nova Scotia there are, and for years past have been, fairly well organized and loyal Provincial Fire Underwriting Associations, several of which have, at considerable expense, specifically rated every town of any importance within their borders—but I venture the assertion that not a single one of these Associations possesses any data from which it can formulate tables showing the net result of its aggregate underwriting over any given period of time since its organization, and is, consequently, unable to demonstrate whether a profit or a loss has, on the whole, been made in its respective Province. Also, by parity of reasoning, these Associations must be absolutely ignorant as to the sufficiency, or otherwise, of their respective tariffs of rates.

I know of no country at the present moment better equipped for what, for want of a better name, I will call "National" organization than Canada; nor do I know of one that could, with so little additional trouble and expense, secure through the aforesaid Provincial Associations, and tabulate those valuable statistics that, aggregated for the entire Dominion, would be of such great value to our fire underwriters generally and taken by Provinces be a sure and certain guide in the right adjustment of the Canadian average rate to its respective Provincial hazard.

I therefore venture, most earnestly, to urge upon the Officers of the various Provincial Associations that they at an early day organize, from among their respective membership, a Dominion Executive Committee which shall have in charge the formulating of annual statistics concerning Fire Insurance in Canada, not only as covering the whole Dominion, but in so