

FIRE INSURANCE IN CANADA, 1919

It is gratifying to learn from reports received from various companies transacting fire insurance in Canada, that the average loss ratio for the year nearing its close, promises to be the smallest recorded for some years past. Providing that a conflagration does not intervene before the 1st January, 1920, the average loss ratio for all companies might be estimated to be in the neighbourhood of 45 per cent. As usual of course some individual companies are likely to have experienced a less favourable loss ratio. Several new companies have entered the field during the last year or so, thereby increasing competition, but notwithstanding this fact there is strong evidence that the older companies in the field, will, in many cases, reveal increased premium income, partly due to increased values, and expansion of business in some centres. While an increase in premium income is extremely gratifying, it must not be forgotten that, with every additional \$100 of premium, the companies assume an added risk and increased liability. It will be, therefore, necessary in forming an accurate estimate of the true results of the business of the present year, that this point should not be overlooked. To those conversant with the business, it will be readily seen that, what at a first glance appears to have been a good year, is in reality a period during which the companies may have earned simply a fair margin of profit on the investment of their large capital. In addition to providing adequate reserves for unearned premiums, increased taxation, and the high cost of operation, consequent on the high cost of living, must inevitably produce an expense ratio much in excess of last year. It will likely be found that the final outcome of the business of the present year will 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 contemplation of the latter is liable to cause consternation in any large commercial centre where fire brigades are not efficient and fire appliances prove to be absolutely inadequate.

THE GROWTH OF AUTOMOBILE INSURANCE.

Among the main lines of insurance activity in Canada, there is nothing more remarkable than the great development within the last decade of automobile insurance. This first made its appearance in the Dominion Government's blue book in 1910, when seven companies, the pioneers of the business in the Canadian field, reported between them, the modest premium total of \$80,446. The following year, the total of premiums was more than tripled, and since then, with the exception of one year, that of the outbreak of war, the business has gone on expanding at a great pace. "War prosperity" has, no doubt, helped it along a good deal, in which connection it may be noted that since 1915, premiums have much more

than tripled, and 1918 showed an increase of fully 50 per cent over 1917.

The record of the business in brief is as follows:—

	Net Premiums	Losses Financed	% Losses to Premiums
1918	\$2,153,014	\$891,565	41.4
1917	1,424,835	571,400	40.1
1916	888,378	304,710	34.3
1915	636,085	289,986	45.6
1914	573,604	297,499	51.9
1913	563,204	228,433	40.6
1912	464,580	176,895	38.1
1911	253,550	184,218	72.7
1910	80,446	33,369	41.5

Between forty and fifty companies are now engaged in the business which, it is evident has very great possibilities before it, only limited by the development of mechanical traction. It will be noted that with the exception of one year, the loss experience has been quite favourable.

THE WORLD TO-DAY.

The prodigality and folly of men and women in the great centers of population are almost unbelievable. When a page is taken in New York papers to advertise the sale of \$40,000 sable coats it means that so many persons can afford \$40,000 coats that they can be appealed to in bulk as they formerly were when \$400 coats were similarly common. Where one dollar was a standard \$10 has taken its place. Millions have succeeded thousands and billions are quoted where missions once ruled.

The *Insurance Field* says:—"Yet we have in the United States only the same population, scarcely the same production—practically exactly what we had four years ago. The only change has been in the price tags affixed, which means nothing of value, but only an orgy of price. It applies to labor as well as to labor's products. Every producer gets more money than he ever got before and gets not as much for his money as he heretofore got.

In this maelstrom of extravagance the salaried class is threatened already with drowning. Salaries drag on the ground, wages soar and the profits of owners are in aeroplanes at financial heights above the clouds. It is all on paper; it must come to solid gold. Somewhere on the road from up to down lurks the somber figure of financial crisis, maybe panic.

It is old-fashioned to refer to ancient Rome or the cataclysm that followed Law's Mississippi Bubble; but the possibilities of money have always remained old fashioned whatever else changes. Society may strip its body of clothes and substitute jewels for a time; swift financiers may walk the tight rope of speculation as Blondin crossed Niagara for a brief period; but the Devil's mortgage must be paid as other mortgages and when maturity arrives blessed is he who owes nothing and escapes the dark brown taste of the morning after.