

LIMITS OF LINES IN FIRE INSURANCE.

Before the war, there was a tendency among the leading fire insurance organisations on both sides of the Atlantic to utilise very freely re-insurance facilities; in fact, some companies followed a policy in this connection which reduced their limits almost to vanishing point. The war brought a temporary restriction of re-insurance facilities. But new facilities were speedily provided, and doubtless as time goes on, further new organisations in friendly and neutral countries, in addition to British and American, will open up for business both in London and on this side the Atlantic. The point is, however, of interest, as to whether limits can be increased with any degree of safety. The most important factor in the case is whether the area of the premium set against losses is to be confined to a few risks only or is to spread itself over a number. The same volume of premiums may represent in two cases the same amount but by no means the same incidence of liability. It is unknown where the heavier losses will fall and it makes the difference whether one of such losses happens in respect of a risk upon which a large amount is being held or one upon which, owing to the operation of the company's limit, not more than \$5,000 is endangered. The mere area of premiums is not sufficient without the area of risks, and it is to safeguard this latter point that the vital question of fixed limits steps in.

It has been suggested that where the class of risk is a large one, and the company's interest in it sufficiently extensive, it might be possible to approximate the limit to something more nearly resembling, say, the average sum insured throughout the class. In any case the rates of premium charged ought to bear a heavier strain in the way of limits than the very modest retentions some companies are disposed to put upon them, if they are not to give rise to a suspicion of their feared inadequacy by the offices imposing them. Why, it has also been asked, should limits vary so much upon the different classes of risk? The mere fact that the rate is higher in one class than another should not of itself serve to curtail the limit upon the higher rated class, as it so frequently is allowed to do. Presumably the extra hazard is balanced by the enhanced rate, and provided always the requisite average can be obtained, such cutting down of the limit would appear logically to be indefensible.

A number of the British companies at the present day show no apparent anxiety to increase limits. Possessing ample re-insurance facilities under treaty a certain and fixed profit is made out of their cedings, the commission received being much greater than that paid out to agents for procuration of the business. They prefer this profit to risking any more upon their own account. It pulls down considerably the commission item appearing in their published accounts and consequently their expense ratio, whilst constituting in effect a useful addition to the premium income upon the sums held at their own risk.

Mr. F. T. Walker has been appointed manager of the New York agency of the Royal Bank, and is succeeded as manager at the main branch in Montreal by Mr. R. L. Ritchie, manager at Halifax. Mr. Ritchie is succeeded at Halifax by Mr. F. St. Clair Harris, assistant manager at Vancouver.

AETNA COMPANIES TO ENTER CANADA.

The Aetna Casualty and Surety Company and the Automobile Insurance Company of Hartford, the two big companies of Connecticut organized by and affiliated with the Aetna Life Insurance Company and writing all lines of casualty and fire insurance, are applying for Dominion licenses.

The Aetna Life has been transacting life insurance in the Dominion for more than half a century, being represented in Montreal by T. H. Christmas & Sons, who have been managers for the Company since its entry in Canada, and by Johnson & Orr in Toronto. These gentlemen will materially assist in development of the general casualty business.

The entering of the Aetna Life's affiliated Companies in Canada will be looked upon with a great deal of interest, as they are leaders in the United States, and are financially strong and progressive. The Aetna Life is in its 68th year and has paid out in claims more than 300 millions of dollars.

The statement of the Aetna Casualty and Surety Company, as of June 30th, shows assets of \$9,190,190.32; liabilities of \$4,529,420.61; and surplus to policy holders of \$4,660,769.71. The capital of the Company is \$2,000,000. It wrote in premiums in the United States last year \$6,279,778.27, and it is believed that it will pass the \$10,000,000 mark this year.

The figures of the Automobile Insurance Company, as of June 30th, show assets of \$5,862,861.46; liabilities, except capital, \$2,039,342.79; surplus to policyholders, \$3,823,518.67. The capital is \$2,000,000. The amount of premiums written by the Company last year were \$2,252,328.33.

A central branch office will be located either in Montreal or Toronto, in charge of the Canadian Manager. It is understood that by the time the preliminaries relative to the Company's admission to the Dominion have been completed, a Canadian Manager will be selected. No appointment has yet been made.

BRITISH LIFE COMPANIES' WAR VALUATIONS.

Alluding to the question of war valuations by British life companies, Mr. S. G. Warner, president of the Institute of Actuaries, remarked in his recent presidential address, that it must stand to the undying credit of the British life companies that in undreamed of and unprecedented circumstances they had the courage to adopt the motto, "Stability first; profit second." As would of course happen, the conditions have affected in varying degrees, according to circumstances, the offices whose valuations have fallen due since the crisis began; but the motto just quoted has determined, as we may be sure it will continue to determine, said Mr. Warner, the line of action. No company which has felt it prudent in the circumstances to reduce, postpone or pass its bonus, he continued, will suffer for it in the judgment of any wise or thoughtful man. To take in sail in a storm, to consolidate resources in a time of uncertainty and danger, are steps the vindication of which may safely be left to the sure and irreversible verdict of time.

After working for more than a century and a half without a branch office, the "old Equitable" of London, England, has just opened such an office at Manchester.