

FRENCH AND GERMAN INSURANCE

Methods—German Laws are Liberal—French Department Not Yet in Working Order.

Of the insurance companies incorporated in Germany there were, at the end of 1907, 25 stock companies and 17 mutual companies transacting the business of life insurance, with assets in the life department amounting to about \$1,050,000,000—the "ordinary" life insurance in force in these companies being about \$2,500,000,000 and the "industrial" life insurance about \$260,000,000. The above figures are noted by an American insurance commission sent to Europe last year to enquire into the affairs of the Equitable, Mutual and Germania Life Insurance Companies. The commission also had an opportunity while there to study the methods of the French, German and British insurance departments. A conference of European insurance officials was also attended by the commission which states that the city of Berlin acts as an insurance company, insuring all buildings and collecting the premiums from the owners.

City Acts as Insurance Company.

The buildings are valued by appraisers regularly in the employ of the city and the owners are compelled to pay the premiums on that amount of insurance to the city. The Insurance Department considers that, as a rule, the real value of the buildings is slightly in excess of the value fixed by the city, which covers the buildings from and including the ground floor up, but nothing below the street level. The value of the land can be closely determined from the value of the surrounding land, especially as a book is published each year in Berlin giving the value—derived from sales in the vicinity—of all land in Berlin by small subdivisions. The method adopted by the department in arriving at the value to allow a company on Berlin real estate is to add to the value of the land and buildings ascertained by the foregoing method the value obtained by capitalizing the net income on a 5 per cent. basis and divide the results by two.

The officials of the department familiarize themselves with real estate values in Berlin and its surroundings and are thus able to judge closely whether the companies are carrying the real estate at a fair valuation, and unless the amount appears to be much out of the way no special appraisal is made.

The department having the supervision of insurance companies in Germany is called the "Kaiserliches Aufsichtsamt für Privatversicherung" and occupies a building erected for the purpose by the government at No. 10 Ludwigskirch strasse, Charlottenburg.

The chief function of the aufsichtsamt is the putting into effect of the imperial insurance law known as "Das Reichsgesetz über die privaten Versicherungs-Unternehmungen vom 12 Mai 1901." Previous to this enactment the business of insurance had been supervised, so far as any supervision existed, by the governments of the various states making up the German empire, the resulting supervision being conflicting and more or less inefficient.

Laws Allow for Technical Improvements.

The new reichsgesetz is a complete code, but is expressed in most general terms. Many matters of detail which would in America be covered by law, are in Germany attended to by the various promulgations and rulings of the aufsichtsamt, thus securing a desirable elasticity and opportunity for technical improvement without lessening the strictness of supervision. All heads and assistants heads of departments, are principally men who have had several years' practical experience in the employ of an insurance company engaged in the kind of business which will be under his immediate supervision.

As to Reporting.

About one thousand companies report to the department, including life, fire, marine, casualty, credit, mutual fire, fraternal beneficiary and live stock insurance companies. Live stock insurance companies are rarely successful in Germany, and then only when the business is confined to the locality where the company has its head office. The business of credit insurance is not successful.

General and public liability insurance policies are written by insurance companies in Germany, but they do not transact employers' liability insurance business, this being covered by the government insurance and the trades unions, the employers contributing to the cost.

The unearned premium reserves for fire, marine and casualty companies for one year business are computed on the basis of forty per cent. of the gross premiums.

Little Examining Done.

No rule is provided in the law or by the department for a loss reserve for casualty companies, a specific estimate being made for each outstanding claim.

The policies of the various life insurance companies are never valued by the department, neither is any basis of valuation provided in the law. The actuary of each company has to submit to the department a full explanation of the basis of valuation he wishes to adopt and, if it fails to meet with approval, he must adopt some other basis which will.

Although the supervisory and inspection powers of the department are practically unlimited, little examining work is done as compared with the amount done by the New York Department. The checking of the actual securities and mortgage loan papers is done in detail, but the other items of assets and liabilities are merely subjected to test checks.

The following table shows the different kinds of business transacted by the companies incorporated in Germany:

No. of Companies	Kind of Business	Premium Income for 1907
28	Accident	\$9,400,000 00
28	Liability	9,225,000 00
34	Cattle	2,800,000 00
17	Hail	9,460,000 00
52	Fire	58,430,000 00
36	Burglary	2,360,000 00
2	Storm	31,800 00
16	Water	463,250 00
24	Plate glass	1,770,000 00
2	Fidelity and surety	125,000 00
1	Credit	122,000 00
3	Machinery	86,300 00
1	Construction	1,650 00
1	Valuables	765 00
35	Marine (cargo)	212,100 00

Of the fire companies thirty-two are stock companies with a premium income of \$49,320,000 and twenty are mutual companies with a premium income of \$9,110,000.

French Department Just Starting.

The French insurance department which was also visited, is a bureau in the department of the minister of labor, and is at the present time, to a large extent, in the process of making. The present French law was enacted in March, 1905, and the department is at present working towards the building up of a complete system of supervision rather than doing any active examining work. The work of the department is at present largely confined to receiving, auditing and scrutinizing carefully the comprehensive annual statements the companies are required to file.

The forms of the annual statements are prescribed in detail in the regulations of the department, although the blanks are not supplied by the department, the companies having to purchase them from a printing firm. The companies are compelled to print copies of certain parts of their annual reports for general distribution, for which they are allowed to charge a small fee.

Council Same as Germany.

The insurance law of 1905 provides for an advisory council similar to the "Beirat" of Germany. It consists of twenty-one members; two senators and three deputies elected by their colleagues, the head of the insurance department, the head of the "Caisse des depots et consignations," a representative of the finance department, three members of the French institute of actuaries, the president of the chamber of commerce or a member of the chamber chosen by him, a professor of the Paris law school, two directors of mutual or tontine insurance companies, two directors of stock insurance companies, and four persons specially qualified on life insurance matters.

Under instructions from this council the department has constructed formulae and tables providing for minimum net and gross premium rates to be used by the companies. These are published in a volume entitled "Formules et Barèmes des Primes ou Cotisations Minimales des Opérations d'Assurances sur la Vie," the rate of interest used throughout being 3½ per cent.

Rules of Department.

The expenses of the insurance department are annually divided pro rata among the companies.

Many of the regulations under which insurance companies operate in France are rules laid down by the insurance department with the approval of the advisory council.

One of these rules provides that foreign life insurance companies must keep assets in France, invested in certain French securities approved by the insurance department, including real estate, to the extent of the mathematical reserve, the accumulations on deferred dividend policies and a special guaranty reserve. The guaranty reserve is made up of 3 per cent. of the premium income each year until the total is equal to 6 per cent. of the mathematical reserve; thereafter 1½ per cent. of the premium income each year until the total is equal to 10 per cent. of the mathematical reserve and nothing thereafter.

Another rule requires all companies to send to each deferred dividend policyholder a statement each year of the accumulation to date on his individual policy. The rules allow foreign companies to place their French policyholders in a separate dividend class.

The Royal Bank of Canada will shortly open branches at St. Leonards, N.B.; Lethbridge, Alta.; Saskatoon, Sask.; Prince Albert, Sask., and Davidson, Sask.

Mr. J. H. Plummer has been elected president and Mr. C. S. Cameron secretary-treasurer of the Dominion Steel & Coal Corporation, the holding company for the Steel and Coal concerns.

The Traders Bank of Canada has opened the following branches:—Rosetown, Sask., Mr. N. McVicar, manager; Fort George, B.C., Mr. H. C. Seaman, manager; Beiseker, Sask., Mr. J. K. Atkinson, manager, and Steelton, Ont., Mr. J. A. Elliott, manager.

An excellent portrait of his late Majesty King Edward VII., in Masonic costume, is being disposed of by Mr. H. B. Crouch, 237 Simcoe Street, Toronto. The picture depicts the departed monarch as Past Grand Master of the Freemasons of England. It is executed by Mr. C. Laurie, and is a handsome engraving.