

WESTERN ASSURANCE COMPANY.—Continued.

Taken as a whole, I feel that there is much cause for congratulation in the results of the year's business as indicated in the Report under consideration. There is, however, an event subsequent to the period with which the Report deals, in which you no doubt feel much interested. I refer to the conflagration of Baltimore, and I deem it fortunate that we have this early opportunity of presenting to our shareholders the facts relating to this as far as they concern us. As you are aware, the most valuable as well as the most substantial portion of that beautiful and historic city was practically wiped out of existence by a fire which, in spite of the efforts of its own Fire Department and those of adjacent cities, raged for the greater part of two days. The area embraced in the burned district covered 140 acres of the most closely built portion of the city. The property loss is estimated at something like \$100,000,000, and the amount of insurance involved will, I believe, amount to at least \$60,000,000. Compared with similar calamities in the world's history, the Baltimore conflagration will probably rank as second in magnitude in respect of the value of the property destroyed, and the amount of insurance collected. In such a disaster in a city where we have had an agency established for thirty years, it would be unreasonable to expect that we should escape without serious loss. We have estimated the amount of this at \$350,000. The claims are being promptly adjusted and paid, and I am pleased to be able to say that our latest advices indicate that the net loss of the Company will be within the figure I have named. This, I would point out, is less than ten per cent. of our total assets, and represents but little more than the income of the Company for thirty days. The effect upon business of the current year will be that the loss ratio upon our total premiums will run about ten per cent. higher than it would have done had we had no business in Baltimore. Bearing in mind the effect that a loss of this magnitude, in which practically all the leading Companies doing business on this continent are heavily involved, must have in further advancing rates—particularly in the congested districts of all large cities—it does not seem unreasonable for us to hope that our experience during the remaining months of 1904 may be sufficiently favourable to off-set the adverse results of the first two months. Taking a broader view of the effect of this conflagration, it would seem that it must impress upon the authorities of all municipalities the vital importance of looking closely into the question of fire protection. The ordinary water supply of cities very frequently proves inadequate to meet the demands of a fire of any considerable magnitude. What would seem to be required is an independent system of water mains through some of the principal streets in the business centres of large cities, connected with a high pressure pumping station. This latter could be established without a very great cost at a convenient point in all cities having a water front, and the expense of laying a few miles of water mains would be counterbalanced by the relief of the business community from the burdens of increased insurance rates, which will inevitably be applied in all cities whose water supply cannot be shown to be ample to fully meet the requirements of fire protection. Such a system has, I believe, been established in Philadelphia, and a similar one is being discussed in New York. The fact should not be lost sight of by the general public that the burden of such disasters as that at Baltimore falls upon the whole insuring public—insurance companies being merely the agency through which the necessary funds are collected to meet losses by fire, and the expenses of conducting the business, and the rates they charge must, over a period of years, yield a sufficient income to provide for this outlay and leave a fair margin of profit as a return on the capital invested in the business. I trust that the lessons of this recent disaster may prove beneficial in the future, not only to insurance companies, but to the community at large.

The Vice-President seconded the adoption of the Report, which was carried unanimously. The appointment of Directors for the ensuing year was then proceeded with, resulting in the unanimous re-election of the following gentlemen, viz.: Hon. Geo. A. Cox, Hon. S. C. Wood, Messrs. G. R. Cockburn, Geo. McMurrich, H. N. Balrd, W. R. Brock, J. K. Osborne, E. R. Wood and J. J. Kenny. At a meeting of the Board of Directors, held subsequently, Hon. Geo. A. Cox was re-elected President, and Mr. J. J. Kenny, Vice-President for the ensuing year.

RECENT LEGAL DECISIONS.

LIFE INSURANCE, AGREEMENT TO ISSUE A POLICY BEFORE A COMPANY HAS CORPORATE POWER.—A straight life policy was issued, and retained by the assured pending the delivery of an endowment policy, and he paid the larger premium called for by the endowment policy, but no time was fixed for the delivery of the latter policy. In an action by the assured to recover back the whole premium paid, he was awarded judgment only for the difference between the premiums on the straight life and the endowment policy. Upon an appeal, the Supreme Court in New York State affirms this. They hold that no time being fixed for the delivery, the presumption is that it will be within a reasonable time. What is a reasonable time is a question for the court at the trial. It was also decided that where a company has authority to issue a life policy, but has not complied with the law so as to enable it to issue endowment policies, the fact that it exceeds its authority in agreeing to issue, at some future time and in a certain contingency, an endowment policy, does not render the life policy, issued, pending the delivery of the endowment policy, absolutely void. (*Calandra v. Life Assurance Company of America*, 84 N. Y. Supplement 1198).

LIFE INSURANCE, ANSWERS IN APPLICATION.—The company required full, true and complete statements in the answers, in their form of application, and these were to be treated as warranties. One question was, had the assured ever been an inmate of a hospital, and to this he answered no. In an action upon the policy his physician testified, that prior to the application he had sent the assured to a hospital, simply to get good bed and board, so that he, the physician, could give him better care, and under more satisfactory circumstances at the hospital than he could receive at another house; and that he had made an entry of the deceased's malady as rheumatism, merely to qualify him to be entered at the hospital. It is held by a Circuit Court of Appeals, in Connecticut, that such evidence showed that the assured had been an inmate of a hospital, and therefore constituted a breach of warranty, and the claim against the company must fail. (*Farrell v. Security Mutual Life Insurance Company*, 125 Federal Reporter 684).

INSURANCE, JURISDICTION OVER COMPANIES NOT INCORPORATED IN THE STATE.—A foreign corporation is entitled to do business in the State, only at the discretion of the State, and under such terms, and conditions as it may seem fit to enforce. It therefore follows that such a corporation is not entitled to contest the constitutionality of a State statute imposing terms upon which it may be allowed to do business within such State. Whether a statute prohibiting insurance companies from combining to establish rates, and providing for the revocation of the licence of a foreign company failing to comply therewith, is unconstitutional as to domestic companies, and therefore void "in toto," cannot be determined in a suit by a foreign insurance company, having no right to contest the constitutionality of the law. This is the decision of the Circuit Court in Dakota, in actions brought by the Hartford, the Phenix, of Brooklyn, the Royal and the German American, of Springfield, to declare unconstitutional the Act passed 9th March, 1903. (*Hartford Fire Insurance Company v. Perkins*, 125 Federal Reporter 502).