

Fire Underwriting Conditions in the Maritime Provinces **FIRE INSURANCE IN CANADA, 1920**

A leading fire Underwriter informs us that the three outstanding features in connection with the unsatisfactory fire insurance conditions existing in the Maritime Provinces are:—1st The inadequacy of protection; 2nd Inefficiency of rates and 3rd Poor loss adjusting. Companies for some years past have had a very bad experience in the Maritime Provinces and as long as present conditions exist, there is little chance of their getting out with a profit.

The Journal of Commerce, New York in its issue of the 23rd instant referring to the Underwriting conditions in the Maritime Provinces says:

An underwriter now in this city who was a recent visitor to Halifax tells an interesting story of the deplorable conditions that for years have existed in respect of rating matters in the maritime provinces of Canada. It will be recalled that both New Brunswick and Nova Scotia maintain boards having jurisdiction over their respective Provinces and while the membership of each consists nominally of companies the activities are conducted by so called "general agents" with the usual "sparring for positions" and "trading" for special individual advantage.

Many of these so-called "general agents" transact a volume of business comparable with what would be an average business for a moderate sized city in the United States. A very illuminating instance came to light recently in connection with the insurance for the apple growers of the Annapolis Valley, in Nova Scotia. Just as an instance of the "jockeying" in rates it is pointed out that this rate was fixed successively at 2 per cent. 1 per cent. and 2.20 per cent., an average of 1.65 per cent., and now at an average of 90 cents, with 15 per cent. commission or rebate to the assured! Coupled with this is the spectacle of a general agent framing a letter for the owners to the Nova Scotia board threatening to "form a mutual" if rates were not fixed to suit them.

How long the companies will stand for this in a territory producing something like 100 per cent. loss ratio for the past three years is a question. The situation is awakening some managers to a realization that drastic action is essential.

From reports received from various Companies transacting fire insurance in Canada, the year just closing will show satisfactory results for the general run of Companies. Notwithstanding the increased competition from new companies entering the field, there is strong evidence that many of the older companies in the field will show fairly substantial increases in premium income, partly due to expansion of business in some centres, and high values. Providing that a conflagration does not intervene before the 1st January, 1921, the average loss ratio for all companies operating in Canada for 1920 might be estimated to be in the neighbourhood of from 45 to 48 per cent. It might be pointed out, however, that the loss ratio of many individual companies is likely to be very much higher, some it is stated will exceed 60 per cent. To those conversant with the business of fire insurance, 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 some of the companies have been fortunate enough to have earned 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 a high expense ratio. In connection with the fire insurance business, a serious factor to be reckoned with, is the conflagration hazard and the contemplation of the latter in any large commercial centre where inadequate protection prevails is apt to cause consternation.

Ocean Accident & Guarantee Corporation, Limited

Mr. Ernest Wood who for years has been the Superintendent of Agencies for The Ocean Accident and Guarantee Corporation, Limited, his field being the Province of Ontario, is leaving for California shortly, for three or four months, to engage in a similar capacity in behalf of The Columbia Casualty Company of New York which is a subsidiary Company of "The Ocean."

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