FIRE COMPANIES' RECENT EXPERIENCE AND THE RISE IN RATES.

Some criticism of the fire insurance companies has lately appeared to the effect that their experience in Canada in 1917 does not support the case for the recent increase in rates made in several unprofitable classes, particularly in the two provinces of Ontario and Quebec. Such criticism must surely be based upon a mis-apprehension of the facts. In any case, the argument is vitiated by its apparent reliance upon the experience of the Canadian companies only. Anyone tolerably familiar with the business of fire insurance in Canada is well aware of the fact that the part played by domestic companies in this field is quite a minor one. Last year, the total premiums received by the licensed fire companies in Canada were $31,269,677; of this total the Canadian companies' share was $4,895,843. So that an argument based upon the Canadian companies' experience only, ignores the deductions to be drawn from the facts of 85 per cent. of the licensed companies' business in Canada.

That manufacturer or merchant would be a poor business man, who finding that one of his departments resulted in heavy annual loss took no steps to remedy the state of affairs. On the other hand, opinion would be rightly stirred if it became known that he had decided to make up his loss in one department by clapping on a heavy addition to the price of products of other departments. The recent rise in rates followed legitimate business practise. Unprofitable classes only, we understand, are affected by the rate-changes recently made. That such a step was necessary is patent enough, even without inspection of the private records of the companies and of the C. F. U. A., to anyone who can read the Government insurance blue-book with understanding and knowledge. The companies' loss ratio in the province of Ontario in 1916, was 77 per cent; last year it was 62 per cent. That is to say, in the most important fire insurance field in Canada, for Ontario produces one-third of the total Canadian premiums of the licensed fire companies, these companies lost heavily on their 1916 business, and that loss must have run into the millions. In 1917, they were again on the wrong side, though not perhaps, proportionately, by a large amount. In Quebec, the next most important field of the companies' Canadian operations, their loss ratio last year was 60 per cent. That means nothing more than making ends meet, if that. In Nova Scotia, the companies' loss ratio last year was 87 per cent. and in New Brunswick, 59 per cent., which means an exceedingly heavy loss in one case, and only a very meagre profit, if any, in the other. It is to be remembered that underwriting profit is not merely, premiums less losses and expenses. Reserve for unearned premiums must be reckoned with before the true underwriting profit or loss can be ascertained, and in these days of expanding premium incomes, increased reserve is no light item.

The figures quoted are sufficient to show that the companies in recently advancing rates in several classifications have not acted without cause, without, in fact, very good cause. There is no need for them to apologise for the very moderate advances which have been made. The phenomenon of heavy losses in munition plants and other industries engaged with war supplies, which is partly responsible for the present state of affairs, is not confined to Canada. It has been seen in the United States and in Great Britain, and its causes are pretty well known. Hasty construction, high pressure of operations, and in some cases, a lower and less intelligent grade of labour have an inevitable tendency to increase the fire hazard. The heightening of the rate accordingly is the only fair and business-like way of meeting that increased hazard.

The criticism referred to at the beginning of this article is singularly wide of the mark, and unintentionally humourous, in its suggestion that the C. F. U. A. is concealing the expense ratios of the insurance companies. The C. F. U. A., like any other trade body, naturally does not publish broadcast its most intimate proceedings, and there is no reason why it should. But the expense ratios of the companies have been published in detail in the Government blue-books for years past, and anyone who will can see them for himself by merely taking the trouble to look up the figures. To be exact, the expense ratios for 1917, will be found on pages 57 to 61 inclusive, of the newly-published preliminary blue-book. Strictly speaking, however, the figures there given do not accurately represent the entire expenditures on Canadian business of the British and American companies. Something, say 2½ per cent., should be added to those companies' ratios to allow for head office administration of the Canadian business.

CANADIAN FIRE RECORD.

(Specially Compiled by The Chronicle).

Fire at Vancouver, B.C.—By the fire which occurred onthe 16th instant in the shipbuilding plant of J. Coughlan & Sons, Vancouver, the following companies are interested:—

North America	$25,000	British Empire Underwriters	5,000
New Jersey	13,500	Philadelphia	5,000
National Union	12,500	National of Hartford	5,000
Mercantile	12,500	Springfield	5,000
Boston	10,000	Mount Royal	5,000
Northwestern National	10,000	Mercantile	5,000
Stuyvesant	7,500	London Mutual	5,000
Prov. Washington	7,500	Connecticut	4,500
London Assurance Co.	5,000	Insurance Co. State of Penn.	4,000
Norwich Union	5,000	State of Pennsylvania	3,000
Firemans' Fund	5,000	Queen	3,000
Royal Exchange	5,000	National Fire	2,500
Canada Accident	5,000	National Ben Franklin	2,500
Palatine	5,000	Mechanics & Traders	2,000
Scottish Union	5,000	Millers National	1,500
Phoenix of London	5,000	Dominion Fire	1,000
Protector Underwriters	5,000		$212,500
St. Lawrence Underwriters	5,000		
Union Assurance Society	5,000		

Loss about 50 per cent.

Fire at Stratford, Ont.—On the 17th instant a fire destroyed the Sebringville Flax Company's plant at Stratford, Ont. Loss about $20,000, partly insured.