

FIRE INSURANCE ASSETS.

Assets in Canada of fire insurance companies fall under two headings, those maintained by the companies in respect of their Canadian business, developing chiefly as a result of that business, and those which are in the nature of investments of other funds than those accumulating from Canadian sources—funds sent into the country for investment purposes by fire insurance companies abroad, principally it is generally believed, by British companies. The official returns take cognizance of these two classes of assets (both of which are available for the protection of Canadian policyholders), but do not separate them.

As regards the second class of assets, it is to be remembered that these assets are subject to the same conditions as any other investment funds sent from abroad, to withdrawal from the Dominion if circumstances or the policy of the lender justify such a step. This fact needs to be carefully borne in mind in any consideration of fire insurance assets in relation to the Dominion's economic development.

British Companies' Invested Assets.

In the attached table, fire insurance assets in Canada are shown for three years, 1913, the last complete year before the war, 1916 and 1917, and some interesting facts emerge from the comparison.

In the case of the British companies, which have the largest assets in Canada of the three classifications of companies by nationality, it is shown that in the three years between December 1913 and December, 1916, their invested assets in Canada were reduced by some \$3,800,000 from \$26,946,401 at the earlier date to \$23,181,192 after 2¼ years of war. But during 1917, their invested assets in Canada were raised by over \$9,200,000 to \$32,405,368. Presumably, the decline in the earlier years was due to some withdrawals of assets in Canada coming under the second heading above referred to, that of funds invested in Canada but not originating from the companies' trading operations in the Dominion. Such withdrawals followed upon the necessity of concentration of capital at home for war purposes and were part of the movement that has developed during the war as a result of which ownership of a large amount of Canadian securities formerly held in England has been transferred to this side of the Atlantic. Bonds and debentures however, still show a considerable net gain for the three years, approximating \$3,800,000, but under other circumstances, this would have been doubtless much greater. The most marked falling-off in this period is in mortgages, which were somewhat more than halved in the three years, being brought down from \$12,673,949 to \$5,321,817. As regards this movement, it is to be remarked that there was a great falling-off in the demand for mortgages following 1913, conditions became very unfavourable to lenders, and many other lenders on mortgages besides fire insurance companies reduced considerably the amount of their funds employed in Canada in this direction.

With reference to the notable increase of over

\$9,200,000 in the Canadian invested assets of the British fire companies last year, this is partly explained by the fact that the assets in Canada of a number of companies, which prior to the passing of the new Insurance Act, had been transacting business in Canada under provincial licenses appear in the Dominion records for the first time, these companies being now compelled to take out a Dominion license. Apart from this accretion, the year's increase in invested assets would be due solely to the development of the companies' Canadian business, since under present conditions the investment of new British capital is practically impossible.

The American, French and Canadian Companies.

As already indicated, it is generally understood that the invested assets of the American and French fire companies in Canada represent almost wholly assets created because of, or as a consequence of, their transaction of fire insurance business in Canada. Those companies have not sent investment funds to Canada proportionately to the same extent as have the British companies. However, with the development of their Canadian business, and the entrance of many newcomers into the Canadian field, the invested assets of these companies in Canada have steadily progressed in recent years, from \$6,840,822 at the end of 1913, to \$9,255,183 at the end of 1916, and \$10,351,777, twelve months later. Almost the whole of the invested assets of these companies in Canada are represented by bonds and debentures.

In the case of the Canadian companies, also, there has been a considerable increment in invested assets during the period under consideration, a showing of \$13,308,586 at the end of 1913, comparing with \$15,424,427, three years later, and \$16,663,294 at the close of December, 1917.

As regards other assets than invested assets, the showing made by agents' balances and premiums outstanding in the two years, 1916 and 1917, is interesting. On reference to the table, it will be seen that the increase in this item for 1917 over that of 1916, is very small, particularly in the cases of the British and of the American and French companies, in view of the marked increase in premiums last year. Collections obviously showed considerable improvement as a result of the existing prosperity. On the other hand, the cash held by all the companies was at the end of last year, proportionately large, some of this being doubtless a temporary holding in anticipation of payments early in January for Victory Bonds.

The Companies' Investment Service to Canada.

Taking the whole of the companies, the record shows an increase in total assets from \$56,819,782 at the end of 1913 to \$79,200,438 at the close of 1917, the growth in invested assets for the same period being from \$47,095,809 to \$59,420,439. Even after allowance for the British and other companies formerly under provincial license, but now brought into the record for 1917, the figures of invested assets show that the fire insurance companies are by no means a negligible factor

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