## FIRE INSURANCE IN CANADA DURING 1908.

**Combined Loss and Expense Ratio was Over 90 per cent.—Canadian Offices Experienced a Trying Year.**

In February last, there appeared in these columns an advance exhibit of fire insurance transacted during 1908, by companies licensed to do business throughout the Dominion. The figures then given were furnished direct from the companies—their courtesy in this matter enabling THE CHRONICLE to supply its readers with an interesting summary three months prior to the official abstract just now to hand from the Superintendent of Insurance. While complete returns were not obtainable in February from all companies, sufficient data were furnished to warrant the statement being made that the ratio of net losses to net premiums for 1908 was certainly over 60 per cent. Which prediction is now borne out by the following showing of 60.33 per cent., as contained in the departmental report:

| 1908. | Net Cash received for Premiums | Net amount paid for Losses. | |
|---|---|---|---|
| Canadian Offices | $ 3,829,427 | $ 2,655,014 | 69.33 |
| British Offices | 9,919,403 | 5,775,803 | 58.23 |
| United States Offices | 3,288,499 | 1,847,504 | 56.18 |
| Total | $17,037,329 | $10,278,321 | 60.33 |

This 1908 ratio of 60.33 compares with 52.41 per cent. for 1907, and 44.83 per cent. for 1906. Adding 30 per cent. for average expenses, there is obtained an estimated loss and expense ratio of well over 90 per cent. for 1908—leaving no very great margin of profit when due allowance is made for increase to reserves on unexpired risks.

### The Showing of Preceding Years.

Nor can it be said that preceding years had brought gains substantial enough to console underwriters for the unfavourable experience of 1908, with its conflagrations at Fernie and Three-Rivers. Indeed, the average ratio for the past five years has been practically equivalent to that for 1908. Going farther back, the experience for the forty years, 1869-1908 inclusive, works out at over 95 per cent. Net premiums for the forty years have been $263,700,000 and losses about $171,600,000. Taking expenses as $79,100,000 (30 per cent. of premiums), there remains a balance of $13,000,000. But it is to be pointed out that even this difference between income and outgo can by no means be considered as profit. Against this, it has further to be accounted that the net liabilities of the companies for unearned premium reserves have increased by some $10,000,000 from the $800,000 held at the beginning of 1869. In round figures, therefore, a forty year underwriting balance sheet for fire insurance companies licensed by the Dominion would be about as follows:

### Forty-Year Fire Underwriting Balance for Canada.

| | | |
|---|---|---|
| Premiums | $263,700,000 | |
| Losses | | $171,600,000 |
| Expenses | | 79,100,000 |
| Increase in reserve liabilities | | 10,000,000 |
| Profit (about 1.2 per cent. on premiums) | | 3,000,000 |
| Total | $263,700,000 | $263,700,000 |

What other line of business taken as a whole during the past forty years, will show as low returns as fire insurance? A profit of but little over 1 per cent. on "sales" has given no very munificent reward to capital invested and risked by the shareholders of fire offices. That individual companies have done better than the average showing indicates is, of course, true—and fortunately so. Otherwise Canada would have become a pretty generally abandoned field, or else rates would have become prohibitively high. But even the most careful underwriting has not brought over-rich rewards for service rendered. Optimistic promoters who quote the dividend earnings of old-established British offices as indicating the possibilities of profit for projected Canadian fire companies, fail to point out that such dividends are in great part due to investment earnings, rather than to current underwriting profits.

## FIRE AT QUEBEC.

A fire occurred in Quebec City on the 9th instant. We are unable to give complete returns of insurance at time of going to press. We learn the following companies are interested: *Parisian Corset Company —on Building:* North British & Mercantile, $5,000; Aetna, $2,000. *On Stock and Machinery*: Phenix of Brooklyn, $1,500; North American, $2,500; Norwich Union, $2,500; Hartford, $1,000; Scottish Union & National, $3,000; Western, $2,000; Quebec, $5,000; Ottawa, $1,000; Equity, $3,000; Rimouski, $2,000; Norwich Union, $2,000; Queen, $3,000. Loss total. *A. Pion & Co., Stock and Building.* The following Companies are interested: Royal, Queen, Quebec, Norwich Union, German-American, Hartford, New York Underwriters, Phoenix of London, British America, Atlas, Manitoba. Insurance loss about 10 per cent.

## FIRE AT NORTH HATLEY, Que.

On the 6th instant a fire occurred in the Glen Villa Hotel, North Hatley. The insurance, which was placed four days previous to the fire, is as follows: Commercial Union, $4,000; Manitoba, $2,000; Anglo-American, $4,000; Dominion Mutual, $2,000; Sterling, $1,000; Ontario, $3,000; Rimouski, $4,000. Total, $20,000. Total loss.

THE ROCHESTER GRAND JURY has not contented itself with conspiracy indictments against fire underwriters for increasing rates in that city of epidemic arson. It scores the companies as being themselves to blame for "waves of incendiarism," owing to policies being granted without due inspection of risks. All circumstances considered, the explanation manifestly falls short of accounting for Rochester's unenviable pre-eminence of late.

THE AMALGAMATED COPPER COMPANY's annual report covering operations for the year ended April 30 last showed net income of only $3,663,980, a decrease of $3,016,577. After allowing for dividends which were smaller by $3,077,758, there was a surplus of $586,222, an increase of $61,181. The net income was equal to 2.31 per cent. earned on the $153,887,900 capital stock outstanding.

THE BRITISH BOARD OF TRADE May statement shows an increase of $2,963,500 in imports and decrease of $7,705,500 in exports. The principal increase in imports was in cotton and the exports' decrease was in manufactured goods. The greater demand for raw material may be looked upon as foreshadowing gradual increase in manufacturing activity.