

INVULNERABLE POSITION OF BRITISH FIRE COMPANIES.

With a view doubtless to calming feelings of anxiety which appear to have been aroused in various quarters in the United States in regard to the effects of the present European conflagration upon British fire companies, the *Insurance Index* points out that the British and Canadian companies transacting business there are in an invulnerable position.

There are twenty companies whose home offices are in England and Scotland, and two in Canada, each of which is actively engaged in the United States. The United States branches of those twenty-two companies had assets there on January 1, last, carefully invested in that country and under the direct management and control of United States trustees, of over ninety-two million dollars (\$92,173,971), as shown by the sworn statements made to the New York Insurance Department. But that is not half the story. After providing for the unearned premium reserve and for all other liabilities of every nature, the twenty-two foreign companies had a net surplus of \$33,358,751, or more than 36 per cent. of their total assets, all held in trust by the trustees to provide for unforeseen and excessive losses, should they occur.

STRICTNESS OF TRUSTEESHIP.

All of the British and Canadian fire insurance companies operating in the United States have been authorized to do business in the State of New York, and the laws of that State, as well as of some others, stipulate that every foreign company, before it is admitted, shall appoint its United States trustees under a very strict Deed of Trust that is satisfactory to the State. The Insurance Department of the State of New York considers itself responsible to the other states in respect to this matter. The trustees must all be citizens of the United States, and it is required that the deed of trust shall contain a provision, which is binding on the United States trustees, that no part of the deposit with them shall be released without the consent of the Superintendent of Insurance of the State of New York. The trustees would be personally responsible, if they improperly or negligently released any portion of such assets. The deposits under their control and deposits made with Insurance Departments include the bulk of the total assets, in each instance—the invested funds and, in short, substantially all the assets except the necessary current money required in the management of the respective branches, premiums in course of collection and other minor items. They range between 80 and 90 per cent. of the total assets, and, of course, cover every dollar of the surplus to the policyholders—in fact, much more than double that amount. In this respect, it is manifest that the net surplus of the United States branches of the British companies is more carefully safeguarded than that of American companies which is subject only to the control of the boards of directors, and without requiring the consent or intervention of the Insurance Superintendent. The United States trustees of the British and Canadian companies have invariably been selected from citizens eminent in the financial and commercial affairs of the country—men who are competent for the task before them

and who fully understand the responsibilities of their position.

RESOURCES AND PRESTIGE.

It is pointed out that behind these very strict requirements stands yet again the whole of the magnificent resources of the fire companies mentioned and their splendid prestige for the prompt settlement of claims, however disastrous the conflagration in which they are involved. At the time of the San Francisco conflagration, the twenty-two companies mentioned remitted to the United States an aggregate amount of nearly forty-seven and a half millions of dollars.

The position of the United States branches of the British fire insurance companies is, in fact, practically invulnerable. They are amply provided with funds held in the United States to meet every dollar of liability; and, in addition, they have a net surplus equal to considerably more than a third of their entire assets, not a dollar of which can be touched without the consent of the trustees, composed of representative American citizens, and to this must be added the official approval of the Insurance Superintendent of New York, before the transfer can be made effective. And in addition to all this, they have behind them the parent companies with a vast accumulation of funds on hand, and still greater sums available, if needed.

UNFAVORABLE CASUALTY FIGURES.

Part III. of the annual report of the New York State Insurance Department, issued by Superintendent of Insurance Hasbrouck, covers the financial statements of the general casualty, credit, fidelity and surety and real estate title and mortgage guarantee companies operating in New York State for the year ended December 31, 1913. It carries abstracts of the audited statements of the above companies and also a series of statistical tables compiled therefrom. These tables show that the total premiums collected on casualty, credit and surety business during 1913 by the companies reporting to the New York Department reached the sum of \$122,430,764, an increase of \$11,479,371 over the previous year, whereas the combined losses and expenses of these companies during last year amounted to \$122,642,628, an increase of \$19,415,962. The total assets of the companies at the close of last year were \$169,773,657, showing a gain of over seven million dollars, but the net surplus funds of all companies decreased from \$35,326,994 to \$33,304,511, showing a loss of over two million dollars.

The valuation of the bonds and stocks owned are fixed in accordance with the department's appraisal of same and are thus placed upon uniform basis. The audit of the statements has been most carefully made, particular attention having been given to the elimination of all assets of doubtful character or worth and a proper readjustment of liabilities has been made in all cases where deemed necessary and justifiable. In several instances the results of regular departmental examinations made as of December 31 have been substituted in place of companies' returns; this for the reason that such examinations are in the nature of things much more thorough than any mere office audit could be and therefore more nearly reflect the actual financial condition of a company from a department standpoint.