

CALEDONIAN INSURANCE COMPANY.

The 114th annual report of "The oldest Scottish Insurance Office" so well-known in Canada and throughout the world as the Caledonian Insurance Company, records the most successful results from any one year's operations since its inception in 1805. A most gratifying feature of the year's operations, is the fact that the report for 1918 is the first full year's statement recorded under the new management of Mr. R. Hill Stewart. The financial foundations of the Caledonian were never stronger, enabling the company to meet unperturbed not only the ordinary claims to which the business is subject under normal conditions, but the extraordinary demands which are equally certain to arise in the future.

The Caledonian's triumphal progress during the past year, will be a source of gratification, both to its shareholders, and its extensive and valuable connections throughout its wide field of operations, while its long and lofty career has not been without beneficial influence on the business of insurance.

Fire Department.

For the second year in succession a record has been established in the increase in net fire premiums. For the year under review, the net fire premiums amounted to \$3,102,693 as compared with \$2,735,750 an increase of no less than \$366,940 for 1918, following an increase of \$234,620 the previous year over 1916. The increase in fire premium income for the past four years combined, exceed \$850,000. The substantial enlargement of premiums for 1918 is accompanied by a very satisfactory loss ratio of 48.96 p.c. together with a low expense ratio, the latter notwithstanding the pressure of war conditions last year was 35.90 per cent., a most favourable record, reflecting the highest credit on those responsible for the company's operations. The total results of the year's trading in the fire department, are the best on record, amounting to the substantial sum of \$419,957 (after making the necessary provision for unexpired risks in respect of the increased premium income). This amount compares with \$277,365, which latter represents the results of the preceding year, and indicates an advance of \$142,592.

The reserve for unexpired risks, has been increased by the addition of \$124,760, to \$1,054,915, with the additional reserve of \$1,000,000 makes a total of \$2,054,915 together with the sum of \$886,599 at credit of profit and loss account amounts to \$2,941,514. This is entirely exclusive of the company's paid-up capital of \$537,500. The total funds of the company have increased from \$21,100,575 to \$22,471,033 an advance of \$1,370,458. In addition to fire insurance, like other composite offices, the Caledonian operates in various other branches of insurance, including life, marine, and casualty insurance in all its branches, confining its operations to fire insurance in Canada.

The Caledonian has been operating in Canada for nearly forty years. The Canadian branch has

been under the management of Mr. John G. Borthwick for past eight years, under whose administration steady progress has been recorded. The net premiums for 1918 in Canada amounted to \$467,411, a satisfactory growth of \$30,000 as compared with 1917, accompanied by a much more favourable loss ratio; the figures being 48.58 per cent. as against 55.87 in 1917. The Caledonian's prompt settlements of losses, and liberal treatment of policy-holders in Canada, has enabled it to enjoy the same high prestige by which the company is characterized in all parts of the world where its policies are known.

PREVALENCE OF UNDER INSURANCE.

One of the unexpected and yet quite natural consequences of the reaction from war conditions is the very general manner in which property owners are drifting into under-insurance. Fire insurance adjusters are regularly reporting case after case, and especially as regards buildings and stocks of machinery. It had been supposed that the organized campaign to bring values up to the war-time status had effectually corrected this situation, but evidently it has not gone far enough. The trouble grows out of the fact that business men, as a rule, are basing their insurance values upon the inventories they are required to keep in order to comply with the Government in come tax regulations. Under these inventories they are allowed to make depreciations each year; and, of course, the larger the depreciation the greater the reduction in the income tax. In order to be allowed by the Government, these depreciations have to be charged off on their books; so that when the insurance agent enquires whether the property is adequately covered the owner considers it is because the inventory values are fully insured. But when losses come it is found that replacement values, particularly on machinery, are considerably larger than the inventory values, and the owner is forced to become a contributor under the coinsurance clause. In numerous instances, of late, property owners that were adequately covered on the inventory basis have been found to be under-insured, on the basis of replacement values, by a margin of from twenty-five to forty per cent.—Weekly Underwriter.

PERSONALS

Sergeant Angus MacKay, only son of Mr. William MacKay (manager of the Royal Insurance Co.) was welcomed at the home of his parents in Westmount, where he arrived safe and sound this week, after enduring the perils of the world's greatest war, for over three years, and leaving many of his comrades behind him, never to return. Sergeant MacKay was only in his 21st year when he went overseas, and had the Belgian Croix de Guerre conferred on him after the battle of Paschendaele for his bravery on that occasion.