

The Canadian Monetary Times

AND INSURANCE CHRONICLE.

DEVOTED TO FINANCE, COMMERCE, INSURANCE, BANKS, RAILWAYS, NAVIGATION, MINES, INVESTMENT, PUBLIC COMPANIES, AND JOINT STOCK ENTERPRISE.

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SUBSCRIPTION, \$2 A YEAR.

Meetings.

ROYAL INSURANCE COMPANY.—The Annual Meeting of the Shareholders in this Company was held on Friday, the 9th August, at the Central Offices of the Company, North John street, Liverpool. The Chairman called upon the Actuary, Mr. Dove, to read the notice convening the meeting and the Directors' Report. The Actuary then read the notice, and the Report, which was as follows:—

REPORT FOR THE YEAR 1866.—The year 1866, which comprises the period to be embraced in the present Annual Report of the business of the ROYAL Insurance Company, has been marked, as the previous year was, by conflagrations in some cases individually large, but still more by fires all but unexampled in numbers both here and abroad.

Notwithstanding the facts that again the Revenue of the Company for the year has ultimately turned out to be larger, and that the Claims have proved somewhat less than were estimated, the unsatisfactory result of the entire year is shown by the Accounts which will be read to you in detail, giving a final loss on the FIRE BRANCH of £28,163 13s. 11d.

Whilst it is undoubtedly true that an occasional balance, to the debit, of such a comparatively small sum as this in such large transactions, would be, in itself, of minor consequence, it becomes significant when combined with the results of two successive years, each bearing more or less the same characteristics; and it assumes a still more grave importance when accompanied by resorts of kindred establishments exhibiting a like phase of experience over a like period, and especially when some of those count a ratio of disasters far exceeding that which the Directors of this Company have to announce.

This disclosure of an increasing amount of loss attending Fire Insurance business generally, now shown unmistakably to exist by successive announcements from all sides, and the consequent impression that elements of risk not pre-existing, or, at any rate, not so to the same extent, are now in force, have led to an increased caution on the part of the Executive of this Company in accepting Fire Proposals, and to other remedial measures referring to the personal characters of proposed Insurers, which at first sight would have appeared calculated to induce a large reduction in the business of the year.

The impetus, however, of a long-continued progression could not even by these means be speedily reduced. It thus ultimately turns out, notwithstanding these retarding influences designedly applied to the business, that, with the exception of one Company, whose affairs have been conducted for the last two or three years with considerable vigour, no other Insurance Office has paid the same increase of Fire Duty to Government in the year as the "ROYAL." This is shown by the usual test of the Government Returns, ordered to be printed by the House of Commons. It is evident, therefore, that if the checks adverted to had not been applied, the advance of the last year would have been equal to that of any year in the records of the establishment.

The fact is, indeed, amply verified by the following comparative statement of the Fire Business for the last five years, viz:—

1862	£300,000
1863	341,668
1864	406,403
1865	414,753
1866	447,371

A close and severe investigation into the probable causes of the large amount of losses sustained by the entire body of Insurance Establishments, almost without exception, during the last three years, does not lead to the conclusion that insulated Fires have been more extensive than heretofore, the contrary might be safely maintained, but which is of far more serious import, that Fires have been much more numerous than at any like former period; and hence the more alarming conviction that the causes of danger have most materially increased.

It would be vain to expect it to be possible, either in past times or in the present, to continue an Insurance Business with a revenue approaching rapidly to half a million sterling without the occurrence of losses of large magnitude from time to time. All that the utmost skill or care can aim at is to endeavour to lessen the probability of their occurrence so frequently as to interfere with the average prosperity of the enterprise, applying the test over a series of years.

Indeed, it is a source of continued satisfaction and thankfulness to know that the ROYAL Insurance Company, in its most successful career of 23 years, has not experienced disasters proportionate in amount to the extent of its business, such as have fallen in some years of former times on Companies having then far less than its present revenue. The casualties referred to have become historical in the records of Insurance Companies, and their amounts, if known generally to the public, would place the adverse occurrences of the last few years in the category of events which are from time to time to be calculated on as certainties, and to be provided for by ample reserves.

It may further be affirmed that a lengthened experience in these matters would show that these periods of excessive claims are not periods of unmixed evil. They rather lead to a wholesome and useful discipline of the too-sanguine and inexperienced in the business of Insurance. These, frequently, led away by a temporary lull in the average of casualties, injure, by the adoption of inadequate premiums, not only their own establishments but likewise those of others who would fain have been governed by more mature considerations. It is, therefore, of no small importance to be able to announce that the disease is at length working its own cure. The conductors of the great Insurance Companies of the United Kingdom have, with few and minor exceptions, determined to enforce by their examples the deductions of wise caution and long-acquired experience, and a needful but moderate increase of premium has therefore generally been obtained.

The precautionary measure strongly recommended by the Chairman of this Company, in his opening address at the last Annual Meeting held in this place, have, it so happens, since that time each received the attention either of the Legislature, the general public, or the Insurance Companies, as each respectively required it.

It will be remembered that the first measure recommended on that occasion was a careful and judicious reconsideration of the rates of Premium to be charged, inculcating moderation in the adoption of any changes, as the "policy of the ROYAL has always been to check any undue or unnecessary increase of the charges for Insurance." The propriety of this recommendation has been confirmed by the subsequent action of the offices, which has already been adverted to.

Another subject introduced into the same address referred to the necessity that some judicial investigation should be instituted into the causes of fires. It is now generally known that since then, a "Select Committee of the House of Commons on Fire Protection" was named, of which the Chairman of this Company and Mr. Thos. B. Horsfall are members. The report of that Committee was ordered by the House of Commons to be printed so lately as the 25th of last month. It recommends—

1. That a general Building Act should be passed for all towns in the United Kingdom.
2. That Water Bills, stipulating or providing that the supply need not be constant or at high pressure, shall, after the second reading, be referred to the referees to inquire whether sufficient reasons exist for such a provision.
3. That certain Oils should not be sold, excepting they undergo a required test with respect to their degree of danger as to their igniting point.
4. That a due Classification and Storage of Goods should be maintained: and
5. That Judicial Inquiry should be made into Fires, with power to examine witnesses on oath.

An Act founded on this Report would be a great protection to the entire community, and could not fail to have a beneficial effect on Insurance interests.

The improvements of rates shown to have been happily obtained is, of course, of too recent a date to have had much influence yet on the revenue or profit of the Company. It is, however, a matter of satisfaction to announce that, independently of this new advantage, to be regarded prospectively, the operations of the past six months of the present year have been productive of a fair amount of profit. This favourable change has very properly had its influence in the determination of the Directors in their recommendation of the amount of Dividend and Bonus to be declared at this Meeting. Still, much of the comparative prosperity of this latter period is, on examination, so clearly of a fortuitous character, and the direct benefits of the cautionary measures referred to in the early portion of this report, although amply perceptible, are at present confined to so short a space of time, that it would be premature to draw with propriety any sanguine expectations

of better prospects for the future until a more lengthened test has been applied.

(To be continued.)

Insurance.

DEFAUDING UNDERWRITERS.—There used to be some glaring instances of frauds upon underwriters in the Canadian trade. For instance, in the cholera year, when all who could get away from town were absent, and when those who remained were attending to no business; when St. Paul street was, in fact, totally deserted—a sale was advertised in one or two morning papers, of a large quantity of goods, on account of the underwriters, at nine o'clock that same morning. On repairing to the place, a very large amount of goods in the original bales, with only a small portion of some of them open, was arranged round a somewhat dark room, with not over two or three persons present as an audience, and they totally unable to pay the cash for the tenth part of the goods offered. A cursory inspection of the goods detected no damage whatever; but, doubtless, there was some, or they would not, we may suppose, have been condemned. The presumption was, that this hurried sale, after the briefest possible advertisement, and the largeness of the lot, would prevent competition; and the owners would buy them in under some other name, for half or fourth part of the value, charging the difference, with all expenses, to the underwriters. Fortunately, however, for the interests of justice, a brave old gentleman, who feared neither man nor cholera, stepped in at the last moment, and, comprehending the position at a glance, bid with his usual spirit, so as to frustrate, in a great measure, the well laid plan.

It seems, from a letter in the *Herald* yesterday, that something even worse than this in one respect, has been going on in this city now; for in that case the invoice had to be shown. In this case (of which we know nothing but what we see in the *Herald*) it appears that a consignee abandoned his goods,—which he has no right to do so long as they are distinguishable,—and attended the sale to buy them in under another name; being the only man present who knew the contents of the packages he was purchasing.—*Witness.*

A NEW FIELD FOR INSURANCE.—If a ship-owner loses a vessel at sea, the loss is not a pecuniary one, for his ship and cargo are generally insured and his loss made good; so with a real estate owner, whose house is destroyed by fire, and with housekeepers, whose furniture disappears or is injured by the same cause. If the life of a business man is taken, or he should meet with an accident which unfits him for work, his family need not suffer if he is insured. In the same way we are protected from moneyed loss by a Company which insures your "live stock," including horses, dogs, cattle and, perhaps, cats and mice. In England, should your plate-glass windows be smashed by a tipsy man or an unruly boy, the Plate Glass Insurance Company have only to be notified, and the damage is at once repaired. With such examples before us, and with so many cases of burglary and house breaking in our cities, we wonder that a company has not been established, ere this, who will insure us (our lives, property, etc.) from the depredations of those midnight marauders. Such a corporation would assuredly be successful. Nearly everybody would become insured, and thus go to bed to sleep, and not have their rest disturbed by thoughts and dreams of housebreakers running away with their silver plate or their best dresses. The suggestion is not so unworthy of notice as it may at first appear.