

EFFECTS OF THE WAR UPON BRITISH INSURANCE COMPANIES.

A particularly interesting and suggestive survey of the probable effects of the war upon the British insurance companies is made by a contributor to the London Economist. While this writer discusses the matter from the point of view primarily of the insurance shareholder, the various points which he makes are of wider interest, particularly to agents of the companies and their policyholders, to whom the continuance of the splendid financial position occupied by the majority of these companies and their high prestige is a matter of much moment.

A STRONG CONSERVATIVE POLICY.

It is probable that, of all the branches of industry in Great Britain—transacted upon a large and public scale, says the Economist writer, none has been better managed or better financed than the business of the "composite" insurance companies. This has been due not only to the expert knowledge brought to bear, but also to the admirable way in which the companies' resources have been husbanded. Consistently from year to year they have, in the main, taken from their profits but a small, and even trifling, proportion to pay the dividend. It would seem as if, with common consent, they had made up their minds never to increase the dividend unless they could be virtually certain to maintain it, whatever happened. The large bulk of the profits has thus been regularly passed to the reserves. Indeed, notwithstanding the great prosperity which these companies have experienced during the last 10 or 15 years, and, therefore, their consequent greater financial strength, they have, as a general rule, so pursued this principle of putting by most of the profits that, in some cases, the interest is now actually more than sufficient to pay the dividend without any profits whatever being taken from the fire, marine, or accident departments. It was this strength—since greatly emphasised—which enabled these companies in 1906 to bear the colossal San Francisco conflagration with equanimity, and to go on paying, and shortly after actually increasing the dividends which the shareholders had been receiving.

EFFECT OF THE WAR.

The remaining consideration, continues the writer, is how the companies have in their operations been affected by the war. It must be borne in mind that these operations are worldwide, and that, in the main, rather more than half of their revenue comes from neutral countries, *i.e.*, those countries which are not involved in the war. The businesses and transactions with German and Austrian companies were summarily cut off in 1914, and the result was probably largely, if not completely, reflected in the accounts of the companies for that year, in

which, after all, appreciable profits were made, thus further enhancing the general financial stability. This, notwithstanding that the companies had also to face and deal with the depreciation in the value of the shareholders' investments.

Their 1914 position may be briefly epitomised in this way:—

An aggregate (real) underwriting profit of	7.74
Depreciation on shareholders' investments provided for	4.56
Required, in addition to interest and life profits, to pay dividends	0.98
Leaving to enhance the reserves	2.20
	7.74

HEAVIER TAXATION.

There is reason to believe that the 1915 results, so far, promise quite as good an experience. Losses have been fairly normal, and the companies are free from all responsibility for damage arising from air raids, etc. Of course, one must not shut one's eyes to the fact that income-tax at home, varied special taxation in the colonies and in neutral countries, and the burden of other expenses, will, as in the case of most companies and individuals throughout the Empire, fall more heavily upon insurance companies in the immediate years to come. This increase in expenses, however, will probably only lop off a comparatively small proportion of the profits which the companies are accustomed to. The likelihood is that, taking the companies as a whole, the present dividends will be maintained, and that the forward movement in this respect is merely postponed. If this be so, it is a question whether the fall in market value of insurance shares as the result of the war and the stagnation ensuing, has not been greater than is reasonably justified.

THE LATE MR. WILLIAM ROBB.

The sudden death in church on Sunday morning of Mr. William Robb, formerly city treasurer of Montreal, has been noted with much regret and sympathy by the financial community, whose respect and esteem Mr. Robb had long held. The deceased gentleman was in the service of the City no less than 47 years and the honorable and courteous discharge of duty which was a characteristic of his administration made him an ideal public official. It was through his efforts that the City made its appointment of the Bank of Montreal as its financial agents, a step which subsequent events have more than justified as an outstanding example of wise foresight. Mr. Robb retired from office at the close of 1911 and despite his advanced years had since travelled extensively, visiting California and also his native Aberdeen, where he was born in 1836. For sixty years he had been a member of the church where the end came, in his 80th year, quickly yet peacefully and as he knew that it would come. The gathering of leading and representative public and business men at the funeral constituted a remarkable tribute of esteem by both French and English speaking Montrealeers.