

THE CITIZENS' INSURANCE COMPANY (OF CANADA.)

Subscribed Capital 1,000,000

Especially empowered by Act of Parliament, and fully authorized by Government under the Insurance Bill.

HUGH ALLAN, PRESIDENT.

Life Department.

THIS sound and reliable Canadian Company—formed by the association of nearly 100 of the wealthiest citizens of Montreal—issues policies on all the Modern Plans, including—Limited Payments, Endowments, Part Credit Premiums (without notes), Income Producing System; and several new and valuable plans.

A comparison of the very Low Rates, and of the liberal and unrestricted nature of this Company's Policies, with those of any other Company, British or American, is especially invited.

All Life Policies are absolutely Non-forfeitable.

Persons intending to assure their lives are particularly requested to first examine the Prospectus, List of Shareholders, and Policies of this Company, which, together with all information concerning the constitution of the Company, the working of the various plans, &c., may be obtained at the

Head Office, Montreal—No. 71 GREAT ST. JAMES STREET,

EDWARD RAWLINGS, Manager.

Agent for Toronto:
W. T. MASON.

Agent for Hamilton:
R. BENNER.

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The Canadian Monetary Times.

FRIDAY, SEPTEMBER 17, 1869.

PROFITS OF FIRE UNDERWRITING.

With a very large proportion of business men, there is no item among their annual disbursements which is paid with more reluctance than that which is intended to secure to them indemnity from loss by fire. This is a natural consequence of a succession of yearly payments, perhaps amounting in the aggregate to a large sum, for a thing so intangible, and from which they seem to have derived no benefit. We can find property everywhere which has been kept insured from year to year, until the premiums have amounted to the entire value of the property itself. Thus a property insured at two per cent. for its value, would cost for insurance in fifty years its entire worth; at 4 per cent. the same result would happen in 25 years, at 5 per cent. in 20 years, not making any allowance for the interest of the yearly premiums. It is a mistake to suppose that so long as there is no fire there is no return for the

premium paid. The insurer on the payment of the premium, assumes the risk to which the insured is exposed, and that exemption from risk, on the part of the insured, should be looked upon as his return for the money paid.

An impression is likely to arise with many, that from the comparative infrequency of losses, the business of the underwriter must be a most profitable one. Let us look at the facts on this point. The people of several of the principal American States are provided with comprehensive and reliable statistics of the experience of fire underwriters. These are obtained compulsorily, being supplied to an officer of the government in the several states, and by him digested and arranged, and given to the public in an intelligible shape. In this matter the American people have gone far in advance of even England, the cradle of insurance. There are one hundred and sixty companies doing business in the State of New York; these do about four-fifths of the entire fire insurance business of the United States. When we have before us the results of their experience, we have in substance the experience of the United States, sufficiently accurate for all practical purposes. How then does the case stand with these companies? How much profits have they accumulated? Taking first fire and marine business together, we find that in the four years ending with 1868 (we use the figures compiled from the official reports, by the *Chicago Spectator*), these companies received the aggregate sum of \$155,486,256 in premiums; and the disbursements during the same period were, \$167,543,744, showing an excess of disbursements over premiums of \$12,057,488. More than this latter sum was, however, paid away as dividends, giving the proprietors of the companies about five and a half per cent. on a total invested capital of seventy-nine millions. Taking the fire business separate from the marine, it appears that the same companies, during the nine years ending with 1868, received premiums to the amount of \$199,237,413, and paid losses to the amount of \$118,649,569, showing an average per centage of losses to premiums of 59.55. The average rate of premium was seventy-eight cents on each \$100 at risk. The total amount of risks foot up to nearly twenty-six hundred millions of dollars. The average margin for expenses and profits was about forty-one cents on every dollar of premiums. This would seem a fair, if not a handsome margin, but there is an important item which we have not taken into account.

An insurance company that can merely pay its losses, and a dividend to its stockholders, is not proven thereby to be solvent. The premiums are always taken in advance, and

thereby a liability is incurred which extends through an entire year, sometimes longer. It is obvious, therefore, that until the term which the contract for indemnity extends over, has expired, the liability does not cease. An insurance company is then always under heavy liabilities, on account of unexpired policies. The amount of this liability, in the case of fire insurance, is fixed by the insurance Commissioners of Massachusetts, New York, Ohio, California, and Iowa, at fifty per cent. of the premiums received. This standard has been found to approximate very nearly to the results always realized in practice. Hence fifty per cent. of the premiums received on unexpired fire risks is just as properly a liability of a fire company as is the amount of losses, its salaries, or its dividends. The non-existence of the necessary funds for this object should be held to be a proof of insolvency. No company should, therefore, speak of a surplus or a reserve fund until the amount necessary to re-insure, at the rate experience has fixed, has been previously written off from the company's earnings or set aside from its capital. To do otherwise is either to exhibit deplorable ignorance or a culpable disregard of the principles which govern the science of fire underwriting.

If, then, the liability under this head were deducted from the excess of premiums over losses and expenses of the American companies referred to, the balance would unquestionably be transferred to the wrong side of the account. The facts, then aggregated thus, go to prove that, after all, the insured has probably the best of the bargain; that the keen competition in fire business is such that the work of underwriting is sure to be done at as low rates as the nature of the case will permit. To attempt to do the business at less than remunerative rates could only tend to mischief; it would result, when the evil day came, in involving both insurer and insured in one common catastrophe.

THE METRIC AND THE DECIMAL SYSTEMS.

A second report of the Standards Commission has recently appeared in England, and relates to the proposed adoption of the metric system of weights and measures. The Commission admit the defects of the present English system, but argue that the adoption of the metric as the basis of the internal transactions of the Kingdom would lead to great inconvenience, and, in fact, might be considered a grievance. In consequence of its adaptation to the requirements of foreign trade, they report in favor of its permissive adoption for that purpose, and suggest that statistical publications, &c., should be compiled on that system, jointly with the impe-