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A Happy New Year to You.

State Fire Insurance.

Elsewhere, in this issue, we make some comments upon and give an outline of the Act of the New Zealand Government whereby it is proposed that the State should assume all the risks, and divide among the insured the profits, of underwriting the real and personal property of the people of that enterprising colony. Whatever may be the divergent views entertained by others upon this absorption by a government of business once transacted by companies and individuals, Mr. F. Allen, the representative of the Commercial Union in New Zealand, is very pronounced in his opposition to the scheme. Mr. Allen has published a pamphlet in which he recites sound reasons why the New Zealanders may, in the near future, desire to reconsider the Bill. His want of belief in the ability of the Government to make the business of underwriting profitable, is set forth in "State Fire Insurance," and its twenty pages contain matter sufficient to excite wonderment at the temerity shown by the New Zealanders, in engaging in a business which for the triennial period covering the years 1895-96-97 netted an actual loss of over twelve per cent. per annum. Moreover, the underwriting profit made by all the fire companies in New Zealand for the past twenty years was just over 5 1-2 per cent. per annum. Mr. Allen adds: "It will, I think, be found on examination that the dividends paid by local companies to their shareholders have been derived chiefly from the interest acquired by the investment of their own money (capital and accumulated funds), or from profit made *outside the Colony.*" In face of these facts and figures, it is hard to comprehend how the legislators for this colony sustained their argument that a State department could profitably conduct a fire insurance business.

The contention that the Government of New Zealand

will be able to conduct the State Fire Insurance Department at a much less cost than that found necessary by the companies is nothing but mere assertion, and is not supported by the experience gained by the same Government in Life Assurance, as the expenses of that department in 1896 were 21.9, as against 13.9 for the Australian Mutual Provident Society. To the plea of excessively high rates charged by the companies hitherto doing the fire underwriting of New Zealand, Mr. Allen answers, "During the past ten years they have reduced the rates charged thirty-four per cent."

Many of the arguments advanced by the author of "State Fire Insurance" against the action of the New Zealand Government are unanswerable; but the most powerful is that drawing attention to the capital and accumulated funds of British companies established in New Zealand. It seems that said funds amount to \$300,000,000, and the risks taken by these companies are, of course, spread over the civilized globe. These companies have insured *about two-thirds of the insurable property in the colony.* Yet New Zealand, with a public debt already amounting to \$215,000,000, undertakes to assume the liability attaching to the insurance of the *whole of the insurable property in the Colony.*

However, the Government of New Zealand will not be convinced by the opinions of those who are in the business. They prefer to be governed by information they have obtained from other sources, and, in this respect, they are following the lead of the British Secretary of State for the Colonies, who, despite the opinions of learned actuaries and practical insurance managers, continues to tell the public that his estimate of the cost of compensation to workmen under the Workmen's Compensation Act, is more reliable than that of the companies whose sole business it is to establish a scale of charges.