

THE LIVERPOOL & LONDON & GLOBE INS. CO.

When times are prosperous and fire losses are light, it is not a very difficult task for the underwriter of average ability to report satisfactory progress and reasonable profits upon his company's business. In years of general depression and abnormal fire hazard, however, such as have been experienced of late, it is no mean achievement for a company to be able to maintain its position and show no retrogressive movement in results. Few indeed have succeeded in doing this during the past few years, and among these stands out prominently the Liverpool & London & Globe. There are some financial institutions which, from their past history, may be confidently expected to pursue their onward course of progress in spite of the most adverse circumstances, and the above company is one of these. From a year unprecedented for fire losses since the disastrous conflagration of Chicago, the Liverpool & London & Globe emerges with an exhibit showing an increased business and a larger trading profit than it has done for some time. Such a gratifying result could have been attained only by conservative but progressive methods and increasing care and watchfulness, and cannot fail to add to the enviable reputation of the management and increase the wide popularity of the company and the confidence reposed in it by the public. The steady progress and uninterrupted prosperity of the company emphasizes a lesson which is too apt to be forgotten in unfavorable times like the present, and that is that fire insurance, properly conducted, is a scientific business. In the fire department the net premium income amounted to no less than \$8,141,120, an increase of \$215,415 over the preceding year; and the losses, inclusive of provision for claims up to the close of the year, were \$5,352,925, the ratio being almost the same as in 1892. The company's affairs are always managed with economy, and it is gratifying to note that the expenses and commission for the year, which amounted to \$2,433,470, show a reduction of nearly one per cent. in the ratio upon premiums. The net result of the fire operations was that the sum of \$224,770 was carried to profit and loss account, and \$130,000 transferred to the re-insurance fund, which now amounts to \$3,700,000 in addition to the general reserve of \$6,500,000, making in all \$10,200,000.

In the life and annuity department the results were extremely satisfactory. The new business was represented by 751 policies for \$2,124,335, the new premiums on which amounted to \$68,430, in addition to which 253 annuity bonds were issued for \$12,447, the purchase money for which reached the large sum of \$712,070. The total premium receipts amounted to \$1,848,070, and the total income from all sources \$2,749,315. Of this, \$1,179,940 was paid in death and maturity claims, \$683,995 was disbursed to policy-holders in other ways, and after paying all expenses and carrying forward \$443,735 to profit and loss account and \$9,365 to Globe annuity account, the substantial addition of \$304,865 was made to the life and annuity funds, which now amount to \$17,128,790 and \$5,154,075 respectively, or \$22,282,865 in all. The prudence and foresight which

have marked the management of the company's fire business are also evident in the direction of its life department. In view of the tendency to a decline in the rate of interest on first-class investments, the company's policy reserves were raised in 1888 from a 4 to a 3½ per cent. basis, and on this occasion, the close of another quinquennium, these were again strengthened by the adoption of a 3 per cent. valuation for all policies except annuities, which were calculated at 3¼ per cent. Such a change would be a severe test to the resources of most companies, but the Liverpool & London & Globe has been able to take this step and at the same time to maintain its bonuses to policy-holders at the same high rate as in 1888, viz., 35s. per cent. per annum on the sum assured, in addition to paying intermediate bonuses on claims which fell in during the quinquennium. After payment of such satisfactory profits, there still remains a surplus of \$878,250, of which \$443,735 is still left in the funds, and the balance, \$434,515, carried to profit and loss account. The additions from all departments increased this account by the large sum of \$1,198,595, bringing it up to \$3,728,110 at the close of the year. The net result of the company's total transactions was the declaration of a dividend of 18s and a bonus of 12s per share—in all, 30s per share free of income tax, of which an interim payment of one-third was made on account on 22nd November last. In view of such a showing in such a trying year, it is no wonder that the company's £2 shares are quoted in the stock market at 46½. The total funds, as may be seen from the annual statement printed elsewhere in this issue, amounted on 31st December to the magnificent sum of \$42,032,025. With such enormous resources, and a record unbroken and unsurpassed in its prosperity, the company stands forth as a splendid specimen of successful underwriting in both of its branches. Since it entered the Dominion, just forty three years ago, the company has deservedly won a very large share of the patronage of Canadians. In the year under notice its Canadian branch had \$49,021,658 at risk on its books, received \$323,872 in cash premiums, and paid \$281,337 in losses. The company is a large investor in Canadian securities, its total local assets aggregating about \$1,500,000, a fact which entitles it to reciprocal confidence and liberal support at the hands of Canadians. Its large and increasing business here is under the charge of Mr. G. F. C. Smith, to whose able management much of the company's progress and popularity is due.

Trust vs. Proprietorship.—Some wholesome truths were opportunely spoken by Mr. Robert C. Ogden at the annual banquet of the Philadelphia Association of Life Underwriters, amongst others the following: "The life assurance company is the paid trustee of the assured, and it simply holds the property of the policy-holders under a scientific contract for their benefit. You cannot take out what does not go in. The time has passed in which assurance business can be built up upon the ignorance of the assured. Throughout the whole range of life assurance management, from the humblest solicitor to the greatest presiding officer, the moral responsibility and the sacredness of the trust should be constantly emphasized. It should be remembered that the thought of proprietorship should never absorb that of trust."