

Western Assurance Co.—Continued.

RE-INSURANCE FUND.

Reserve to cover estimated liability on outstanding risks. \$330,957 46

Western Assurance Company's Offices,
Toronto, March 1st, 1901.

GEO. A. COX,
President.

J. J. KENNY,
Vice-President and Managing Director.

AUDITOR'S REPORT.

To the President and Directors of the Western Assurance Company:

Gentlemen.—We hereby certify that the books of the Company have been audited and the vouchers and securities relating thereto have been examined for the year ending December 31st, 1900, and the same are carefully kept, correct, and properly set forth in the above statement.

(Signed) JOHN M. MARTIN, F.C.A.
R. F. WALTON,

Auditors.

Toronto, March 1st, 1901.

The President, in moving the adoption of the report, said:

The magnitude of the losses by fire on the American continent during the year 1900 is a matter of such public notoriety that I feel in moving the adoption of the report just read that nothing in the way of an apology is called for on account of our balance sheet showing results much less favorable than those of average years. It may be of interest, however, to those who have not access to statistics bearing on the subject to know that the total value of property destroyed by fire in Canada and the United States during the past year has been computed at \$163,000,000—being \$27,000,000 greater than that of the preceding year, and largely in excess of that of any year of which records are obtainable, excepting 1871, when the destruction of the City of Chicago was alone responsible for a loss aggregating some \$150,000,000. The most serious fire in which we were concerned last year I need scarcely say was that which in April last practically wiped out of existence the city of Hull and destroyed a large section of the adjacent city of Ottawa. The loss of property in that conflagration is estimated at upwards of \$10,000,000, and of this amount the insurance companies doing business in this country were called upon to contribute nearly \$4,000,000—or close upon one-half the total premiums received during the year for fire insurance in Canada. That this Company should be largely involved in a disaster of such magnitude, occurring in its home field, might naturally be expected; but we may at least claim that, taking into account our large Canadian business—representing as it does a premium income equal to nearly one-twentieth of the total premiums received by all companies making returns to the Dominion Government—the amount of the net loss sustained through this conflagration cannot be deemed excessive; in fact, I think we may rather point to it as an evidence of judicious distribution of our risks on the part of those engaged in the management of the Company's business. It may be hoped that such disasters as this—which unfortunately have been too frequently chronicled in the history of this country, involving as they often do loss of life as well as destruction of property and disturbance in trade—will lead to closer attention than has been shown heretofore on the part of our municipal authorities to the important matter of fire protection, and to the adoption and enforcement of more stringent building regulations in our cities and towns. The tax, in the form of fire insurance premiums, which the business community of this continent annually pays in excess of such charges in most European countries as a result of our national carelessness in these matters, represents an amount which would in a comparatively short term of years pay off our national debts; and the fact should not be lost sight of that fire insurance companies in Great Britain and many continental countries realize more uniform and adequate profits upon risks insured there, at rates averaging from 50 to 75 per cent. lower than those charged on this side of the Atlantic. While on the subject of the cost of insurance to the public, it may not be out of place to refer to the increasing burden which the companies are being called upon to bear in the form of municipal, provincial and state taxes, which seem to be imposed by legislators oblivious to the fact that such expenses must be added by the companies to the premiums charged their policyholders, with further additions for agents' commissions and other costs of collection. The price of protection from loss by fire is thus unduly increased, and I may remark here that the lowest rates are to be found in countries where fire insurance is least subject to impositions in the form of official fees and taxes, and where the companies are most free from legislative restrictions. I cannot

but feel, therefore, that the nearer we on this side of the Atlantic can approach to conditions prevailing in Great Britain in these matters the better it will be for the insuring public as well as for the companies that provide that indemnity without which the business interests of this or any other country would soon be paralyzed.

But while we may advocate such reforms as we believe to be in the interest alike of insurers and insured, we must recognize as the first consideration to fire underwriters—who, whether acting in the capacity of directors or managers of Canadian companies or as representatives of British or American companies, are trustees of the many millions of insurance capital which is held, not simply to provide for ordinary losses such as are of daily occurrence, but for the re-building of cities when visited by sweeping conflagrations—we must recognize, I say, that our first duty as managers of the vast funds invested in the business of fire insurance is to deal with conditions as we find them and to make rates that, taking past experience as our guide, will afford a reasonable prospect of a fair margin of profit to shareholders after losses and the expenses of conducting the business have been provided for. I speak not merely of our own experience, but of the experience of the companies as a whole on this continent, and I say that the official statements—which give full publicity to the operations of fire insurance companies—show clearly that advances in rates such as are now being generally made are absolutely necessary to afford a return that will warrant the capital of the companies being permanently retained in the business. We are fortunately at a period in our history when trade conditions on this continent are exceptionally prosperous, and I feel it is not unreasonable for us to expect the business community to concur in such an advance in the rates of premium as will afford the "hand-maid of commerce"—as fire insurance has been not inappropriately termed—a fitting maintenance. The conviction that such a change for the better in our business might be looked for in the near future—that out of the adverse conditions to which I have referred would come a period of "better times" such as we have in the past seen evolved from periods of adversity in the history of our own Company, as well as in most enterprises in which we have been individually engaged—largely influenced your directors in deciding upon the increase in the paid-up capital referred to in the report. This action, while strengthening the Company financially, removes what is regarded by many investors in this country as an objectionable feature—the unpaid liability upon shares—and the manner in which this call has been responded to has confirmed the opinion we entertained as to the wisdom of this step.

The transactions in the marine branch during the past year call for something more than passing comment. There has been a very considerable increase in the volume of premiums, and the losses I am pleased to say have been moderate; so that there has been a fair profit in this department—which, as you may remember, showed for some years prior to 1899 unsatisfactory results. The growth in premiums came largely from the increased amount of inland business transacted. The losses on the Great Lakes were considerably below the average of several preceding years, and companies engaged in this branch of underwriting are able to show a good margin of profit on the season's transactions.

Here I may remark upon a distinguishing feature of marine business—especially such as ours—namely, the large proportion of the liability which, owing to the close of lake navigation, runs off, and the premiums on which are completely earned, before the 31st December in each year. It