

FIRE PREMIUMS AND LOSSES IN CANADA, 1917.

The Chronicle publishes in this issue its annual tables showing in detail the business of the fire companies operating in Canada last year and in 1916 — inclusive, and in summary form, their Canadian loss experience since 1911.

It will be seen that the volume of business transacted is the largest in the history of Canada. The following figures show in brief form the results recorded from official figures by the Dominion-licensed companies last year in comparison with the preceding annual period:

	1917.	1916.
Net premiums	31,269,677	27,783,852
Losses incurred	17,447,167	16,308,270
Percentage losses to premiums	55.79	58.69

The year 1917 might be described as being more favourable to the business following the experience of 1916. The substantial increase of \$3,485,825 in net premiums, is mainly accounted for by industrial activities arising from the war and the increase in values of every description of merchandise. This increase was participated in by every class of company transacting business in the Dominion. The Canadian companies report an income of \$4,895,843 compared with \$4,817,876 the preceding year, an increase of \$77,967. The British companies increased their incomes from \$14,294,803 to \$16,291,021, a notable increase of practically \$2,000,000, while the American and French companies advanced from \$8,671,173 to \$10,082,813, an increase of \$1,411,640.

In view of the large number of other companies which have entered the Canadian field in recent years, the large increase in volume of business transacted by the British companies last year is somewhat remarkable.

The Loss Ratio.

The loss ratio of 1917 is almost three points lower than that for 1916. In 1916 the British companies had a loss ratio of 60.05. The year 1917 was, however, more favourable when the loss ratio was reduced to 54.50 per cent. The British companies net losses incurred in the Canadian field in 1917 amounted to \$8,879,196 as compared with \$8,583,652 in 1916. While as stated above the loss ratio for 1917 was more favourable than the preceding year, the net result of both years combined leaves very little scope for profits, when expenses—largely increased by war taxation—and necessary increase in reserves are provided for. The American and French companies incurred net losses of \$6,068,826, compared with \$5,010,442 in 1916, the loss ratio being 60.19 compared with an also unfavourable loss ratio in 1916 of 57.78 per cent. The Canadian companies had a much more favourable experience than either British or American companies, the net losses incurred being \$2,499,145 compared with \$2,714,176 in 1916 a loss ratio of 51.05, compared with 56.34 p.c. in 1916. Individual companies as will be noted by reference to the tables in detail, as usual show wide variations in results, on operations for the year 1917.

In 1916 four companies had Canadian premium incomes in excess of a million dollars compared

with two in 1915. Last year, however, the number of companies under this heading advanced to seven. They are the Royal, \$1,618,161; the Liverpool & London & Globe, \$1,411,088; the Guardian, \$1,171,115; the Home, \$1,121,291; the Commercial Union, \$1,035,610; the North British & Mercantile, \$1,017,446, and the Hartford, \$1,009,343. It will be noted that in point of premium income the Guardian has advanced to third position on the list, having passed the Hartford, the North British & Mercantile and Commercial Union, its income in 1916 being below the million mark. The Home's remarkable increase in income is to a large extent accounted by re-insuring the Nova Scotia fire.

Twenty-two Years' Record.

The additional table summarising the loss record of the whole of the companies for the past twenty-two years shows briefly the course of the fire insurance business during that period, only in three of the twenty-two years has the loss ratio of the companies fallen below 50 per cent. In six years the loss ratio was over 60 per cent. Toronto losses being largely responsible for the higher ratio. The total premiums for twenty-two years amounted to \$332,254,841 and losses for the same period \$192,754,760, a loss ratio of 58.02.

Taking into consideration, the contingencies of fire insurance, the small profits made by a few individual companies, are very slight, and nothing like the margin of profit, which prudence and experience in every other enterprise would dictate as absolutely necessary. Attention might be directed to the fact that most fire insurance companies pay dividends from income earned from investments, and not from underwriting profits.

INCREASED VALUE OF PROPERTY.

Business men generally throughout Canada should have their attention persistently directed to the great increase in values of property as a result of the war. This duty devolves to a large extent on insurance agents who handle the business and who no doubt realize the importance of the insured having protection as far as possible proportionate to the rise in valuations. This is particularly important in connection with the application of the Co-Insurance Clause. The consideration of the percentage of value to be insured is vital to companies, who must receive premiums sufficient on the average not above to pay losses but also to cover expenses and provide some margin of profit.

As the co-insurance clause under co-operative conditions provides lower insurance rates to the insured, it also provides that the latter bears a proportion of the loss in case of fire if he takes advantage of the lower rates. That the property of the insured is covered to the required value is therefore of the utmost importance under the unusual conditions existing as a result of the war.

The basis of payment in case of loss by fire is the "replacement value" and as the war continues values will increase. This latter fact should be directed to the attention of merchants, who may be inclined to value his goods at cost price, and not present values or the valuation upon which premiums should be paid and adjustments made in case of loss.