

British Fire Underwriting. An interesting summary of results of British fire underwriting, prepared by "The Insurance News" (Manchester, Eng.), will be found elsewhere in this issue. The journal in question, in calling attention to the remarkable variations in returns of the different offices, points out that the companies with large connections in the United States suffered thereby, and significantly adds, "judging from the condition of things over there, they are likely to do so for some time to come." It seems a pity that inadequate rates, exceptional losses, and an apparent inability to agree upon a scheme for improving the state of affairs should lead our clever contemporary to remark of the business conducted in the United States, "at periods like the present the offices with little or no foreign business are to be envied."

The figures of the statement show a marked increase in the aggregate premium revenue, and it is stated that the crossing of the line marking \$100,000,000 is the first recorded in the history of the business. Comparison with the figures of the preceding year show an advance in premiums of \$4,348,260; the losses increased by \$5,090,200, and the expenses \$1,056,255; the balance being \$3,290,945. The "News" then deducts 33 1-3 per cent. of the increase on the combined premium revenue—\$1,449,420—for unexpired liability, from this balance of \$3,290,945, making the net profits \$1,841,525, or 1.83 per cent. In 1898, the net profit was 5 1-3 per cent., and in 1897, about 8 per cent.

A Dismal Forecast of Future Profits.

In discussing the outlook, the British reviewer of this table of results becomes most pessimistic. He finds the profit margin, "apart from any special period of depression like that from which the business is now suffering," showing a deplorable tendency to diminish, and then most lugubriously says, "we can scarcely expect the prosperity of former days to ever reappear."

The present prospect may not be exhilarating, or in any way calculated to make glad the hearts of underwriters. Yet we think our Manchester friend is unduly depressed. During the recent long drawn-out days of rainy weather in Montreal, no one ceased to believe in the re-appearance of the sun, and in all probability, following this period of disastrous business will come a season when "the prosperity of former days" will re-appear.

How to Improve Matters.

Instead of believing that the profits of fire companies have reached the vanishing point, and that nothing can be seen on the dull, leaden-looking horizon to cheer the struggling underwriter, we prefer to place confidence in the future, and, with Bishop Taylor, to

"Hope for good success."

It seems strange that this British journal should

take such a gloomy view of the outlook, when the causes of the disastrous condition of the business transacted by some companies on this side of the Atlantic are so apparent. The expansion of business resultant from excessive competition has led to an over-exploitation in the foreign countries which are now, as our English contemporary admits, being supplied with native offices. If the companies wish to bring about any permanent improvement in the condition of affairs, they have only to cease writing business at rates which cannot "possibly result in profit, but which may rather entail serious loss." That this is recognized to be the only way of restoring the business to the prosperity of former days is plainly shown by the efforts now being made in New York to effect a rational readjustment of rates.

An Object Lesson in Loss Ratios.

Fire companies in the United States have something interesting to study in the statement of premiums and losses by companies doing business in the State of Georgia, annually compiled and just published by Mr. Robert Hughs, of Atlanta. The figures given below are taken from the returns of the individual companies as furnished to the State, and cover the period for the year ending April 30th, 1900. The "Commercial Bulletin," of New York, has been analyzing the returns, and expresses a very natural surprise at the record of Augusta. It seems much complaint has been made there of recently increased rates. Yet, in six years, for every \$100 received by the companies, they have paid out \$114, in addition to the expense of transacting such ruinous business. In the face of such figures, we can understand the wailing across the waters among British companies with American offices.

The "Bulletin" remarks:—

For the past year the premiums were \$2,403,843, and losses \$1,925,145, a loss ratio of 80 per cent. For the previous five years the record was: Premiums, \$10,334,700, and losses \$5,488,960, or a loss ratio of nearly 65 per cent. There is no money in this with the expenses running from 35 to 40 per cent. The figures for the principal cities in the State are even more interesting, showing that for six years the loss ratio at these important places in the aggregate was 72 per cent., viz.:—

| | Premiums. | Losses. | Ratio. |
|----------------|-------------|-------------|-------------|
| Augusta | \$1,042,645 | \$1,188,210 | 114 per ct. |
| Atlanta | 2,355,229 | 1,237,173 | 52 " |
| Columbus | 600,747 | 491,84 | 82 " |
| Macon | 1,021,637 | 929,944 | 91 " |
| Savannah | 2,396,121 | 1,478,220 | 61 " |
| Total | \$7,416,379 | \$5,325,931 | 72 per ct. |

Macon and Columbus are little better than Augusta, and if the companies continue writing at these unprofitable points, they do so with all the light before them. The foregoing figures include the Southern Mutual, which only writes the preferred classes of buildings. If its figures were eliminated, it would