ROYAL INSURANCE COMPANY LIMITED

A remarkable degree of success was achieved in 1916 by the great Royal Insurance Company Limited, of Liverpool, England. Surmounting with ease the various difficulties which marked this period, the Royal not only largely extended its operations last year, but further consolidated its magnificent financial position, thereby making the most effective preparation possible for the opportunities of continued expansion, which the far-sighted executives of the great British companies foresee will develop at the conclusion of the war. The vigorous character of the Royal's progress during 1916 may be judged from the facts that the Company's net premium income was raised by nearly $5,300,000 to $41,659,024, and that assets were further increased by over $6,600,000 to the enormous total of $122,836,562. Occupying a commanding position in regard to the business of fire insurance, which department now produces to the Company an annual net premium income well in excess of $21,000,000, the Royal is also known as an enterprising life office, transacting a business of important dimensions, and distinguished by its maintenance, through the long period of half a century, of quinquennial bonuses at the regular rate of $15 per annum for each $1,000 assured. In other fields than Canada, also, the Company transacts a casualty business of large and rapidly increasing proportions. The great financial power which an immense organisation of this character is able effectively to wield in case of crisis or necessity, is seen in the fact that the Royal's holdings of British Government securities and the war loans of the Allies now aggregate nearly $17,500,000, and additionally the Company has placed securities of a value of about $8,000,000 at the disposal of the British Government in connection with the maintenance of sterling exchange. Rejoicing in a brilliant past, occupying in the present a superb financial position, and directed with consummate skill and judgment, the Royal has clearly before it a future of constantly enlarging achievement, on the ultimate bounds of which it would be idle to speculate.

THE FIRE DEPARTMENT'S YEAR.

For eighteen years without a break, the Royal has reported an increase in the premium income of its fire department. Last year, net premiums reached the unprecedented figure of $21,586,760, showing an expansion of $1,335,000 from the level of $20,251,431 recorded in the preceding year. It was remarked at the annual meeting that this enlargement is derived from a general growth of the Company's business and connections in all parts of the world, and to some extent, from increased values. With this great growth of premiums, and for the second year in succession, a very favourable loss experience was enjoyed. Losses called for $11,078,149 against $10,318,042 in 1915, a proportion to premiums of 51.3 per cent., compared with 50.9 per cent. in the previous year. These successive results evidence a very high degree of skill in underwriting. Expenses also showed a welcome proportionate decrease last year, their ratio to premiums of 35.9 per cent. comparing with 37.1 in 1915. The mammoth proportions of the Royal's fire business are graphically shown in the statement that from the date of the Company's establishment in June, 1845, the fire premiums received to December 31st, 1916, amount to the immense sum of $492,311,426. Claims during the same period, including, of course, losses through conflagrations, which afforded the Company opportunities for striking displays of its highest qualities, absorbed $276,205,623, a proportion of 56.1 per cent. of premiums. Such a result compels admiration. We show in the following table the Royal's net premiums, net losses and loss ratio since the opening of the present century. It will be readily seen that since 1901 the fire premiums of the Company have increased by almost 80 per cent. At the same time, the normal loss experience has been such as to allow the building up of reserves of such substantial character as to permit huge conflagration losses to be met with equanimity:

	Net Fire Premiums	Net Losses	Loss Ratio
1901	$12,213,000	$ 7,225,000	59.0
1902	13,448,000	7,038,000	52.3
1903	13,862,000	6,749,000	48.8
1904	14,578,000	8,443,000	58.0*
1905	14,863,000	6,700,000	45.0
1906	16,699,000	13,145,000	78.8†
1907	17,860,000	8,559,000	47.9
1908	17,975,000	9,439,000	52.5
1909	18,436,000	9,026,000	48.9
1910	18,956,000	9,369,000	49.4
1911	19,240,000	10,240,000	53.2
1912	19,991,000	10,132,000	50.7
1913	20,069,000	10,515,000	52.4
1914	20,070,000	11,450,000	57.0
1915	20,251,000	10,318,000	50.9
1916	21,587,000	11,078,000	51.3

*Baltimore and Toronto conflagrations.
†San Francisco conflagration.

THE COMPANY'S GREAT RESOURCES.

Another addition of $486,667 made to the Royal's Fire Fund last year brought this fund up to $17,033,333, reserves for unearned premiums being maintained at 40 per cent. Besides this Fire Fund, there is available to meet the obligations of the Royal's fire department a reserve fund of $7,786,667 and a profit and loss balance of $3,756,468, making with the Fire Fund, a total of $28,576,468, maintained for the protection of fire policyholders, equal to 132 per cent. of the premiums of 1916. This is altogether apart from the very large subscribed capital, of which $2,149,616 has been paid up.

THE LIFE DEPARTMENT.

In the Life Department, also, a somewhat larger new business than in the preceding year was obtained during 1916, in spite of the severe handicaps incident to the war period. The Company's success in this department is possibly accounted for by its energy in taking immediate advantage of changed financial conditions to offer more attractive terms for non-participating policies, which circumstances are forcing more prominently into favour. New life policies issued during 1916 were $7,301,241, against $7,140,860 in the preceding year. Total premiums for the year, after deducting re-assurances, achieved a new high level at $4,177,595, interest, less income tax, amounting to $2,021,787. Claims, including bonus additions, were actually slightly less than in 1915 at $4,128,608 against $4,134,103, civilian mortality having proved to be very favourable. The life fund, which at the beginning of the year stood