## LIFE ASSURANCE STATISTICS.

The *Monetary Times* of Toronto has recently published a "Life Assurance Chart" showing the most prominent features of the business in the Dominion of the principal life companies, for the last six years. This is in many respects a very valuable table, but unfortunately it needs so much explaining in order that the different comparisons may be properly understood, that it is thought by many to do more harm than good, since these necessary explanations are not given. For instance, in the case of the very first company on the list, the Canada Life, a person not understanding that its plan is to divide its profits only every five years, would think it very strange that $212,809 should be returned to its policyholders as dividends in 1881, and only $97,493 in 1883. We have seen very unfair representations made by comparing a year like the latter with that of some other company which declares its profits every year. Moreover it is claimed, and rightly so, that the column "expense ratio to income" is very unjust to the younger companies. The superintendent of insurance formerly published the expense ratios of the different Canadian Companies, but, seeing that this was being improperly used, discontinued the practice. His words on the point are definite and impartial:

"These percentages must not be taken as a proper guage of the economy of management of a company; because the expenses connected with the acquirement of new insurances are very much greater than those connected with the retention of old policies, and a young and progressive company, which has necessarily a large proportion of new insurances, may thus show a larger ratio of expenditure than another and older company, even though the ratio of expenses on each class of business in the two were the same."

We notice that the *Monetary Times* leaves out the figures of the Federal and North American Life, which are new companies, and would consequently have looked worse, according to their standard.

## LIFE INSURANCE EXPENSE RATIOS.

Mr. Sheppard Homans, the well-known actuary, read a paper before the National Convention of State Insurance Officials upon the "subject of separating new from renewal premiums and of separating the expenses incurred in procuring new business from those incurred for the care of the same in subsequent years; and also upon the propriety of casting ratios of expenses upon the mean amount insured, rather than upon premium or total receipts." Mr. Homans suggests that the Insurance Departments in future should require the life companies to separate the first year's and the renewal premiums and state them in two separate items in their annual returns. He claims that no correct judgment can be formed as to the management and merits of any company from the mere statement of the premiums received. "This," he goes on to say, "is especially true when comparisons are made of the relative advantages of different companies in the way of expenses." The greatest expense is incurred when the policy is taken out, and this expense is borne by the first year's premium. In after years the cost is greatly reduced as the necessary expenses for collection of premiums and investment of the funds is very small. He also suggests that in figuring ratios, instead of taking the premiums on the total income, the mean amount insured or the mean amount at risk should be used, that being a more equitable basis for comparing relative expenses.

The National Insurance Convention recommends Mr. Homan's plan.

## VALUATION OF PROPERTY AT RISK AS A FACTOR IN THE ADJUSTMENT OF FIRE LOSSES.

There seems to be among underwriters both here and in England, a confusion of ideas upon the subject of valuation of property inserted in a policy becoming a factor in the apportionment of loss contribution among co-insurers under the fire policy. We propose to endeavor to explain the doctrine of valuation of property at risk under insurance, either full or partial, as to such value, and show when it is and when not a factor in fire loss adjustments.

The practice of inserting the valuation of the property at risk in the policy of insurance thereon, without reference to the portions covered, is an heir-loom descended from the marine branch where it was an important factor in the settlement of losses, in consequence of the operation of the average clause, which was always present in the marine policy, by which the quantum of compensation was limited to such a ratio of the amount of the policy, as the sum of the insurance bore to the total value of the property at risk. If such property was covered by insurance to its full value the insurers paid a total loss as to the policies, for, as Dr. Cowell says in his *Interpreter*, (A.D. 1607), "The condition of all co-insurers is precisely equal; all is lost, there is nothing to contribute *from* and nothing to contribute *for*. Hence the rule of sacrifice for the common benefit is that they are not contributed for where nothing is saved." But if the insurance be only for a portion of the value, the companies would pay similar portions only of the policies, the insured being co-insurer to the amount of any uncovered balance of the value. Hence a prior valuation of the property at risk became absolutely necessary as a factor upon which the compensation in the ratios of the several insurances could be based in the event of loss. In marine insurance this valuation at the time of the insurance became needful, as the values of ship or cargo at the time of the loss during the voyage was not usually obtainable, or satisfactorily to be proved; therefore, the agreed value in the policy was intended to save the expense and doubt that might attend the adjustment of such value as affecting the quantum of compensation.

Among other customs and practices common to fire underwriting, introduced from the Mother Country at an early day, came this system of valuation in the fire policy; but, seemingly, with the omission of its counterbalancing, concomitant factor, the average clause, which was entirely lost sight of in this connection—Hamlet with the part of Hamlet omitted—so that the main, and indeed only, pur-