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POOR RETURNS FROM CANADIAN FIRE INSURANCE.

Public opinion maintains with a persistence worthy of a better cause that fire insurance is a bonanza, that those engaged in the business have found a short cut to wealth—almost that they are engaged in a get-rich-quick act. This popular delusion is stoutly upheld for their own purposes by the promoters of new companies who are wont to quote in large type in their prospectuses, the dividends now being paid by some of the giants of the fire insurance business. They are careful to omit the vital fact of the age of the companies the dividends of which they hold up to the admiration of the unlearned; they do not mention that these companies were established half a century, a century, perhaps a century and a half ago; that it has been the case with them of the survival of the fittest among a host which have fallen by the wayside and that in their early days they encountered financial difficulties and crises which required all the courage and resourcefulness those then administering them could command to overcome. Those well acquainted with the business of fire insurance are aware that not only is it one of the most hazardous of the ordinary businesses of commerce and particularly so to the newcomer, but also that the average returns from it are in inverse proportion to its hazard. Broadly speaking, it may be said that fire insurance is remunerated in proportion to the risks undertaken and the services rendered as poorly as any activity of commerce or finance.

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It is instructive to examine the popular delusion in the light of the figures published in THE CHRONICLE recently compiled from the official returns made by the companies themselves. It may be noted in the first place that all the fire insurance companies transacting business in Canada last year—Canadian, British, French and American—had an average ratio of losses incurred to premiums received of 57.61 per cent. If the moderate average expense ratio of 35 per cent. be added to this together with an allowance for the increase in the amount at risk, it does

not appear that as a whole the companies transacting the business of fire insurance under the auspices of the Dominion insurance department last year averaged a profit of more than 3 or 4 per cent. on the year's underwriting. For this three or four per cent., they not only performed the services involved in the year's business, but also stood the risk of having a great hole made in their resources by a huge conflagration. Last year was not an exceptional year in regard to Canadian fire losses. In the last ten years there are only two, in which the loss ratio of the companies as a whole was under 50 p.c.

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However, the British and foreign fire companies transacting business in Canada are for the most part old-established and large organisations, with in many cases their Canadian business forming but a relatively small proportion of their whole business, so that what in a particular year they may lose on the swings in Canada, it is fair to say that they may make up on the roundabouts elsewhere. It is otherwise with the Canadian fire companies which, with two exceptions in a list of twenty-three companies have no foreign business of any account to help them make up what they lose in Canada. As a whole last year—and 1914 was not an exceedingly bad year—the Canadian companies did little more than make ends meet. They had an average loss ratio of 61.52 per cent., and as some of them are apt to run to extravagance in expenditure apart from losses it may be doubted whether an average of 35 per cent. would cover their expenses. As it happens, their business last year did not increase, so that it is not necessary to make an allowance for the increased amount at risk. The figures speak for themselves. It is only necessary to con over the statistics of the companies in detail to see that a number of them made actual losses last year. Some of the Canadian companies are, of course, in the position of being subsidiaries of large British organisations which can look after them effectively, but in some cases where there is not this backing, the outlook for shareholders cannot be said to be bright. Since 1908,

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