

BRITISH FIRE OFFICES IN 1906. Some Details as to Losses Incurred at San Francisco.

Many of the British fire companies do not end their fiscal year until some time after the close of the calendar year. Consequently, it has hitherto been difficult to arrive at any accurate estimate of the losses incurred by British companies in connection with the San Francisco disaster. Almost complete data are now obtainable, however, for compiling general statistics relating to this phase of the 1906 underwriting record; and the indications are that the Californian conflagration cost the fire insurance companies of the United Kingdom something approaching £11,000,000, causing a deficit on the entire year's operations that amounted to about £6,000,000.

It was fortunate that the year 1906, aside from conflagration losses, was generally favourable to fire insurance operations. But for the profits earned on most classes of business, and in most countries, the companies—and the insuring public—would indeed have been in sorry plight.

The following showing, published recently by the London Times, shows net San Francisco losses of over £10,000,000; but it is estimated that further returns will increase the total to nearly £11,000,000 with an underwriting deficit of about £6,000,000:

Company.	Premiums. in 1906.	Surplus or Deficit after providing for claims and expenses		Net losses in San Francisco.
		Amount.	P. c., of Pms disaster.	
Alliance.....	£1,284,939	— *£232,865	18.12	*£466,342
Atlas.....	942,532	— 281,476	29.86	410,141
Brit. Law.....	88,304	+ 10,539	11.93	.....
Caledonian.....	439,360	— 426,881	97.04	499,494
Com'g Un.....	2,361,651	— 295,657	12.52	794,974
Essex & S.....	42,946	+ 9,326	21.74	.....
Fine Art.....	106,211	+ 26,313	24.77	.....
Guardian.....	526,111	+ 61,260	11.64	.....
Law Fire.....	166,121	+ 57,462	34.60	.....
Law Union.....	226,310	— 294,441	130.10	341,936
L & L & G.....	2,403,144	— 355,395	14.78	815,500
Lond. & L.....	1,422,349	— 608,305	42.76	925,000
London.....	639,647	— 818,160	127.90	956,750
Nat'l. Gt. B.....	38,504	+ 10,639	27.63	.....
N. British.....	2,663,547	— 315,021	15.26	666,082
Northern.....	1,227,958	— 289,835	23.60	482,751
Norw. Un.....	1,169,783	— 186,900	16.00	358,472
Phoenix.....	1,533,316	— 392,216	25.58	624,241
Royal.....	3,431,416	— 413,000	12.00	1,250,854
Royal Ex.....	673,809	— 534,077	79.26	619,396
Scottish U.....	636,771	— 113,979	17.90	207,000
State.....	162,633	— 200,079	123.00	222,834
Sun.....	1,471,614	— 108,471	7.37	350,000
Yorkshire.....	234,044	+ 26,753	11.43	.....
Total.....	£23,293,020	— 5,664,254	24.32	10,001,767

* Alliance—After making provision for £211,027 San Francisco and Valparaiso claims lodged but not admitted. † Norwich Union—Includes £103,365 claims lodged but not admitted.

Inevitably the year's losses greatly reduced the fire funds of the companies—which include their general reserves, specific fire reserve and profit and loss balances. In the case of the foregoing companies the aggregate fire funds, exclusive of capital, decreased by £6,360,742 to £27,753,488. Taken in the aggregate, this decrease in the funds during 1906 meant the loss of about three preceding year's profits—rather less than more. While two of those years were very good ones, one was that of the Baltimore and Toronto conflagrations. In 1903, after providing for dividends, the resources of the companies were increased by £2,-

989,000; in 1904 the increase was £797,000, and in 1905 the increase was £3,282,000. The total surpluses of the three years, after paying dividends, were £7,068,000, while the decrease in funds during 1906 was £6,360,742.

The wisdom of the general British tendency to put away large profits to reserve was never before so amply justified. But even more conservative action for the immediate future is counselled by The Times with respect to some of the companies. In commenting upon the matters of interest earned and dividends declared, The Times says:

"The most striking feature of the details given of interest receipts is their entirely misleading character. Superficially, it would appear that in a year which saw a reduction of over six millions in the fire funds the interest on investments increased by £47,523. The explanation is simple; the San Francisco losses, though incurred in April, were not settled and paid till much later in the year; funds set aside for these losses, continued, therefore, to earn interest during most of the year, and that interest appears in the accounts. And but for the San Francisco payments there would have been a considerable increase in the interest earnings arising out of the three and a quarter millions added to the companies' resources by the profits of 1905. We shall not see the full effect of the loss of interest earnings funds until the British offices publish their accounts for the current year. Then will come the squeeze in the case of those offices which were comparatively speaking the heaviest losers by San Francisco; and then will also come before some directors the urgent necessity of making much larger reductions in the dividends than they felt obliged to face this year. The one essential principle of insurance finance—a principle, the observance of which in the past has saved the British companies in the San Francisco disaster—is that dividends should be primarily based on interest earnings. The profits of good years should, in the main, be set aside to meet the losses of bad years and also to widen the basis of interest receipts upon which dividends rest. If this principle is to be faithfully observed there must be some substantial reductions in dividend to be recorded when we write again twelve months hence."

FIRE LOSS FOR THE HALF-YEAR.

The fire loss of the United States and Canada, as compiled by the New York Journal of Commerce, aggregates \$117,477,500 for the half-year. For June alone the amount was \$14,765,000. The following table gives a comparison by months of the losses this year with 1905 and 1906:

	1905	1906	1907
January.....	\$16,378,100	\$17,723,800	\$24,064,000
February.....	25,591,000	18,249,350	19,876,600
March.....	14,751,400	18,727,750	20,559,700
April.....	11,901,350	292,501,150	21,925,900
May.....	12,736,250	16,512,850	16,286,300
June.....	11,789,800	13,950,650	14,765,000
T'l 6 mos.....	\$93,147,900	\$377,665,550	\$117,477,500
July.....	13,173,250	12,428,050	.....
August.....	11,435,600	9,641,600	.....
September.....	13,715,250	10,852,550	.....
October.....	12,267,000	13,872,450	.....
November.....	16,178,200	16,248,350	.....
December.....	15,276,600	19,001,450	.....
T'l 12 mos.....	\$175,193,800	\$459,710,000	.....