## SMALL PROFITS FROM FIRE INSURANCE.

In 1913 the American fire insurance companies might have made a little over four per cent. upon the amount of their premiums written in that year had it not been for the fact that they were required to pay for taxes two-thirds of what would otherwise have been profit. The statistics of the National Board of Fire Underwriters show that the losses paid last year, the increase in liabilities during the year, and the expenses (except taxes) required all of the $321,554,975 of premium income except $12,900,778. This sum would have been little enough remuneration for the carrying of the billions of dollars of risks represented by the amount of premiums mentioned, but the Government required that of this $12,900,778, $8,501,927 should be paid out as taxes, leaving as net underwriting profit the meagre sum of $4,398,851, or 1.37 per cent. of the premiums. However, as though it was not enough to take two-thirds of the underwriting profit gained by the companies, the Federal Government has lately imposed a war tax of a half cent. per dollar of premium, which, upon the amount of premiums mentioned above, would aggregate more than $1,600,000. If this tax had been in existence in 1913 and the companies had assumed its payment, the net underwriting profit remaining would have been about $2,690,000, or about .84 of one per cent. of the premium income. Merchants and manufacturers who are members of Congress or of State legislatures would see no reason for remaining in business if their profits did not greatly exceed seven-eighths of one per cent. upon their annual turnover, says the New York *Spectator* commenting upon these facts. Such being the case, with their asets well secured, what would be their sentiment if, as is the case with the fire insurance companies, their assets were subject to obliteration over night, and they were still obliged to be contented with less than one per cent. profit upon their sales? The capital invested in the hazardous fire insurance business, which safeguards all other lines of business, is certainly entitled to as large a percentage of profit as is any mercantile or manufacturing enterprise, but it is not getting it now. Taxes on fire insurance should be cut down very materially. If the taxation on fire insurance companies was reduced two-thirds, in the aggregate, the governmental income from the business would still be more than sufficient to meet the expenditure involved in the supervision of the business, which is the only reasonably legitimate excuse for any taxation on fire insurance.

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Mr. C. H. Currie, manager of the Royal Bank of Canada at North Battleford, has been transferred to Edmonston, N.B., and Mr. E. Bradish, formerly of Rosstown, Sask., goes to the branch at North Battleford.

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There have been quite lately a number of enquiries in New York for war risk coverage on cotton exports to Bremen, but American underwriters are not accepting this business. Underwriters are still adhering to their former stand not to write war risk insurance on shipments of cotton to Germany until Great Britain goes on record specifically declaring that such shipments will not be detained for an undue length of time, nor will they be subject to seizure or capture.

## REAL ESTATE HOLDINGS OF INSURANCE COMPANIES.

*To the Editor of* THE CHRONICLE:—

*Sir*—The adoption by the States of New York, New Jersey and Massachusetts of the valuation of railroad and other bonds at their amortized value has one especially gratifying result. It removes from the balance sheets of companies organized under the laws of these states practically every item of assets or liabilities that is not mathematically or exactly determined and about which there can be any room for argument or dispute as to the amount at which it should be included. This is as it should be, and is a step in the right direction both for the protection of the public and the companies. There is, however, one—and only one—important item about which uncertainty still exists and about which disputes are of frequent occurrence between the Departments and the Companies. I refer to the item of real estate. If some method could be adopted whereby a satisfactory value of the real estate held by each company could be determined by a general rule, the last difficulty in estimating the exact financial standing of the companies would be eliminated.

Would not the fairest method be to estimate the value of such real estate holdings by measure of the annual net return to the companies extending over a period of, say, five years? It would be very interesting and instructive—and I believe would be most helpful and beneficial—if the officials of our insurance companies would discuss this matter. The present method of valuation pending official determination (and even then, sometimes) offers opportunities for undue increase of the value of real estate owned by the companies, while it also offers opportunities to reduce the value below a fair figure, thereby, it may be, concealing a substantial enhancement of surplus which might be applicable to the payment of larger dividends to policyholders.

In view of the fact that the laws in regard to the maintenance of an adequate reserve by the Old Line Life Insurance Companies call for the assumption of a fixed interest return, it would seem that the valuation of real estate held by the companies on the basis of a fair return to them would prevent disputes between "Real Estate Experts" and would be, all things considered, a satisfactory method of valuation.

Yours truly,

AMERICUS.

24th November, 1914.

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The Canadian Fire Underwriters' Association recently sent a report of one of their inspectors to the Montreal City Council, regarding the fire protection of the ward of Ahuntsic. The distance from the nearest fire station to this ward and to the north of Bordeaux ward is now over three miles. The matter has been referred to the fire chief for a report.

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Mr. W. J. Ambrose, formerly manager of the Bank of Montreal in Spokane, has assumed the management of the St. John, N.B., branch, taking the place of Mr. H. M. Bancroft who will become manager of the Bank of Montreal in Quebec. Mr. William Dick, formerly manager in Chatham, N.B., has gone to Spokane to take the place of Mr. Ambrose. Mr. A. E. Nash, the present manager in Quebec, will take the place of Mr. W. B. Gravely, who will retire from active service after being manager of the Halifax branch for many years.