

Mr. J. Allan Cook's judgment, "it would be still better known and the work better done were the fallacy removed from the minds of our legislators of endeavouring to make the insurance companies pay the bill."

**The Insurance Investigation.**

The New York Bankers' Magazine has some very sound observations on the insurance investigation now going on in New York. While the fact has been brought out that the banks and trust companies owned or controlled by the insurance companies may render the latter valuable, legitimate service yet there are other services which the insurance companies ought not to require, and that the banks and trust companies should not perform.

"It is one thing for a trust company to employ its machinery in the legitimate purchase of high-class investments for the parent insurance company; but it is quite another thing for the trust company to be made use of to take over and carry assets of a character that the insurance company does not wish to appear in its balance-sheet.

"Some of the facts brought to light show a regrettable lack of the finer and higher sense of appreciation of the duties and responsibilities of trusteeship on the part of those charged with the handling of the vast funds entrusted to the life insurance companies.

"The accumulation of enormous sums of money in the hands of life insurance companies and savings banks is bound to give rise to serious problems when this money comes to be invested. For many years the Legislature of New York has been under pressure from interests that desired to sell securities to the savings banks, and it was only quite recently that a general investment law was passed which will, it is believed, put a stop to the scandals possible under the former order of things. Perhaps the law relating to the handling of insurance funds could be so modified as to prevent the recurrence of conditions like those which have lately been the subject of so much unfavourable comment.

"Absolute control over several hundred millions of dollars is a tremendous power to be lodged in the hands of one man. To avoid mistakes in the management of so large a fund would imply almost superhuman wisdom, and perhaps it would also require superhuman virtue to administer such a trust without being in some measure influenced, directly or indirectly, by considerations other than those which should obtain. Too much money, like too much honour, is a burden rather heavy for a man who hopes for heaven.

"If the investigation of the insurance companies results in checking their growth for a time, it will probably be of great benefit to the policy-holders. There has been, unquestionably, too much racing for big totals, and the present problem would seem to be not how to get more business, but how to take better care of that already in hand.

"Notwithstanding the conspicuous faults in insurance management which have been brought to the

surface by the investigation of the legislative committee, it is at least well to bear in mind that the solvency of none of the companies appears to be in doubt. Their investments, upon the whole, are of a very high character. It is, of course, deplorable that such an investigation has been rendered necessary, but its results can hardly fail to aid in clearing up the financial atmosphere."

**FIRE INSURANCE IN CANADA.**

**THE BUSINESS RECORD FOR 36 YEARS.**

The table published in this issue relating to fire insurance in Canada gives an exhibit of the business of the companies for 36 years (1869 to 1904), the figures for which were taken from the reports of the superintendent of Insurance.

The official statistics have been supplemented by tables of percentages showing, (1) the ratio of losses to premiums received, (2) the ratio of expenses to premiums, (3) the ratio of losses and expenses combined to premiums, also the balance between the amount of losses and expenses combined and the premiums, with the percentage ratio thereof.

In his report for year 1899 the superintendent of insurance said:

"In prosperous times it is well to prepare for the day of adversity. Conflagrations must be looked for. The possibility, indeed, the probability of such disasters constitute a liability on the part of the fire insurance companies, for which provision should be made by the creation of special funds, varying according to the nature of the business transacted, to the many conditions and circumstances to which the business of each company is subject, but which it would be impossible to enumerate. Such liability cannot be accurately estimated, but it should always be regarded as a substantial amount and the fund exacted to meet it should be looked upon as an actual liability and not treated as a surplus."

In reference to these remarks by the Superintendent of Insurance, we said on December 6, 1901, "To create such a fund as the Superintendent of Insurance speaks of, it is obvious judging from past experience, that the companies must charge higher premiums to enable them to do so."

Since the above date higher premiums have been charged, but the results have shown that they were not adequate to meet the requirements of the business, for in 1904 the losses paid amounted to \$14,099,534 as against \$13,169,882 premiums received; the excess of losses over premiums last year having been \$929,652, the excess of losses being 7.06 per cent. of the premiums.

Since 1890 there have been 5 years in which the losses and expenses exceeded the premiums received in the fire insurance business transacted in Canada. As the result of 36 years' operations the gross amount by which the aggregate premiums in these years exceeded the aggregate losses and expenses was only \$793,024, which equalled the insignificant fraction of 0.30 or two-fifths of 1 per cent. on the aggregate premiums received in 36 years.