

ARE FIRE INSURANCE RATES SUFFICIENT?

The above question is, at present, agitating the representatives of the fire offices transacting business in the Dominion. There are many considerations involved in connection with the adequacy or otherwise of the rates. For, while they may be considered high on certain classes of risk, they may on the other hand be insufficient to cover the other classes. The classification of fire hazards would be the best guide to the solution of the foregoing. We believe that there are current a class of risks in Canada on which the rates are entirely inadequate, although apparently high and consequently attractive to the Companies accepting the business. The whole problem in fire insurance is a question of average. Is this question of average carried out in Canada on a scientific basis, or is the business conducted largely as a game of chance?

We publish the results of the fire insurance business in Canada for the 28 years ending Dec. 31, 1895, which shows that during that period the net premiums amounted to \$126,043,310, the amount paid for losses \$86,969,690, and taking the average expense ratio (which is 30 per cent.), the result shows a trading profit of less than 1 per cent. on the actual business of the Companies, exclusive of their investments.

These figures speak loudly, and demonstrate that the Companies have not made much profit during the period covered by our published table. Of course, the losses include the conflagrations at St. John, N.B., St. John's, Newfoundland, Quebec and other places. But the conflagration hazard is one that has to be considered in dealing with the problem of insurance in this country.

The *Gazette* of the 14th inst. contained a sensible and convincing letter, calling attention to the erroneous opinions likely to be formed by the insuring public who read of the immense amount of money paid to the fire insurance companies in premiums and know nothing of the cost of conducting the business.

Those who have seen something of big fires are seldom heard questioning the rates of insurance. The conduct of the Companies interested in the big fire at Windsor, N.S., was simply admirable, and many of the townspeople, when receiving the promptly paid insurance on stocks and dwellings, remarked "even if the rate was high the risk was corresponding-

ly great." And it is so in nearly all cases. Careful examination into the profits of ordinary Fire Insurance Companies will show no ill-treatment of the insured.

ENGLISH AND FRENCH OPINIONS.

The *Statist* discusses the financial side of a possible Spanish-American war. After pointing out the expense of hurriedly creating an American army and strengthening the navy, it agrees that the United States will eventually obtain command of the sea, adding "then, if Spain submitted, the expenditure would rapidly end, and the war might not cost very much." Continuing, the *Statist* remarks: "But if Spain prolonged the contest the United States would find itself in an embarrassing position. The creation of a large army to drive Spain out of Cuba would mean a very considerable expense, and, when accomplished, what would the United States do with Cuba? Lastly, if Spain then refused to submit, would America, after capturing the Spanish West Indies, extend the war to Europe? The collapse of Spanish credit might force her to peace; but if Spain simply defaulted her debt and devoted the money she could raise in any way to protracting the struggle the cost to the United States would certainly be very great."

Dealing with Mr. Cannon's comparison of the condition of the United States Treasury with those of other countries the *Statist* says: "He forgot that Russia, a poorer country than the United States, has over 131 millions in gold devotable to war purposes. The large surplus in the United States Treasury is due to Mr. Cleveland's gold loans and the sale of the Union Pacific. Subtracting the gold reserve against the greenbacks only £25,000,000 is available. Therefore, in view of the considerable annual deficit, it seems incredible that the Secretary of the Treasury will draw considerably on his cash balance without fresh taxation."

The *Temps* says it thinks the reports in the American newspapers of the interview of the British Ambassador, Sir Julian Pauncefote, with President McKinley, "were intended to sound the feeling of England, to which country the Americans are now making advances, which strangely contrasts with their previous haughty attitude towards their British cousins."

FIRE INSURANCE IN CANADA FOR 28 YEARS, FROM 1869 TO 1896 INCLUSIVE.

(From THE CHRONICLE, Oct. 1st, 1897.)

SUMMARY.	Net premiums received.	Gross Amount of Insurance taken.	Total amount paid for losses.	Average per cent. of losses to premiums.	Average amt. of expenses to premiums @ 30 c/o.	Gross amount paid for losses and expenses.	Average per cent. of losses and expenses to premiums.	Net per cent. of Trading Profit or Loss exclusive of Capital.
Canadian Companies.	\$31,599,729	\$3,316,768,703	\$22,601,413	71.50	\$ 9,479,919	\$41,079,647	101.50	1.50 Loss
British Companies....	81,778,522	8,369,508,468	55,800,730	68.23	24,533,556	106,320,078	98.23	1.77 Profit
American Companies	12,665,059	1,257,826,421	7,567,547	67.64	3,799,518	16,464,677	97.64	2.36 Profit
Totals.....	\$126,043,310	\$12,943,703,538	\$86,969,690	69.04	\$37,812,993	\$163,456,303	99.01	.96 Profit