UNPROFITABLE UNITED STATES FIRE UNDERWRITING.

(George W. Babb, President National Board of Fire Underwriters.)

Our table for 1912 representing the consolidated figures of 183 stock fire insurance companies reporting to the New York Insurance Department shows an underwriting profit of 2.52 per cent. of the net premiums written, which is less than the ratio of taxes paid during the year. The average amount of profit per company was $42,320 and the average liability assumed during the year per company was $227,375,444. The total capital of the 183 companies employed during the year (inclusive of net surplus which is equivalent to capital) was $286,783,063. The profit ratio was 2.70 per cent. on the capital. The results for 1912 were better than the average and yet the average profit ratio was a meagre 2.52 per cent. of the net premiums written and 2.70 per cent of the capital employed.

A TEN YEAR LOSS.

The ten year table shows an underwriting loss for the years 1903-1912, inclusive, of 13/100 per cent. During all those years the same taxes were assessed and collected as would have been had the business been profitable.

UNDERWRITING RESULTS, 1912.

Premiums, Fire, Marine and Inland	$307,287,313	
Losses paid, Fire, Marine and Inland		$161,917,069
Increase in liabilities during the year (outstanding losses, unearned premiums and all other claims)		16,842,087
Expenses		120,783,626
Profit (2.52 per cent.)		7,744,531
	$307,287,313	$307,287,313

TEN YEAR TABLE,

1903-1912 inclusive.

Premiums, Fire, Marine and Inland	$2,550,290,543	
Losses paid, Fire, Marine and Inland		$1,427,214,115
Increase in liabilities during the period (outstanding losses, unearned premiums and all other claims		153,413,427
Expenses		973,030,796
Loss (.13 per cent.)	3,367,795	
	$2,553,658,338	$2,553,658,338

GROWTH IN TAXATION.

The ratio of taxes to premiums less losses for 1912 was 5.66 per cent. The ratio to net premiums without deduction of losses was 2.66 p.c. Net premiums in our business are equivalent to gross sales less returned goods in a mercantile business. I wonder how a tax of 2.66 per cent. on gross sales less returned goods would be received by the merchants and manufacturers of the country. I repeat the statement made a year ago that the amounts paid out for fire losses should be exempt from taxation. The anomalous condition frequently exists that companies pay large taxes in States within which their payments for losses and expenses exceed their premiums.

SURVIVORSHIP LIFE INSURANCE POLICIES.

The "struggle for life" under the conditions of modern human life is becoming more severe every decade. It is called "the increased cost of living" and is universal. The world is producing relatively less and the cost is more. Land is less fertile, taxes are higher, combinations are universal, and the congregation of much of humanity in large cities adds many charges to prices.

Therefore, the birthrate is declining. Families are smaller and the proportion of unmarried people is increasing. These facts imply an increasing number of men and women who find no want supplied by life insurance as at present constituted. It is not indemnity payable to dependents that they need, nor an endowment policy maturing in later years.

What these tens of thousands of working men and women do need, however, is a guarantee against dependent old age. They want a sure income when past 60 or 65, made large by the funds contributed by men and women who do not survive to this age.

Of course, a survivorship policy of this character is essentially a tontine policy. But it is a beneficent one, without any element of gambling. The dead, who need nothing, forfeit their contributions to their fellows who survive; and the fund thus created earns pensions for the dependent aged who are scarcely less worthy of aid than the children and widows of younger men who carry life insurance.

A survivorship policy should be authorized by legislation, and the funds it creates should be protected by every condition of law suggested by the experience of investors.

Such a policy should supply a real need; and experience with annuities in Europe affords evidence that many prudent childless people in this country, to whom the annuity contract does not appeal, would pay something every year into a pension fund, payable only to survivors.

The pension survivorship policy would be a legitimate form of protection for life insurance companies to offer, and could be offered by soliciting agents after failure to secure an application for the ordinary policy; because the children are grown up and self-supporting or the prospect is single or without dependents.—*Coast Review.*

According to compilations by the N. Y. *Spectator*, there has been a distinct improvement of recent years in the lapse ratio of 27 American life companies. Lapses in proportion to mean policies in force were last year 2.92 per cent. against 2.83 in 1911. Ten years ago, in 1902, the proportion was 5.68.

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Announcement is made of the publication shortly of Volume II. of the report of the medico-actuarial mortality investigation which has been in progress for a considerable time under the auspices of the Actuarial Society of America and the Association of Life Insurance Medical Directors. The new volume will cover the following:—influence of build on mortality among men, causes of death among men, mortality among women, influence of build on mortality among women, causes of death among women, mortality among North American Indians and Negroes, and among Chinese and Japanese living in North America.