THE BUSINESS OF CANADIAN FIRE INSURANCE COMPANIES AT HOME AND ABROAD.

In THE CHRONICLE of June 24 (page 919) was published an abstract of the fire insurance done in Canada during the year 1909. It was there shown that the ratio of net losses paid to net premiums received in the Dominion during last year, by both Canadian and foreign companies, on Canadian fire business only was 51.21 per cent. —a gratifying falling off from the ratio of 60.37 per cent. of 1908, and comparing with 54.23 per cent. in 1907 and 46.73 per cent. in 1906.

This week an exhibit is given of the total business of Canadian fire companies operating under Dominion charters (including both fire and marine business whether at home or abroad) and also of the total Canadian fire and marine business transacted by licensed British and American companies. From this table it will be seen that the ratio of losses to premiums received on the whole of the fire and marine business transacted by Canadian companies last year was 56.85 per cent., a striking and welcome falling off from the ratio of 1908, which was as high as 72.87 per cent. It was the Chelsea conflagration and indifferent results from inland marine risks, combined, as THE CHRONICLE mentioned on June 24, with the conflagrations at Fernie and Three Rivers, which largely accounted for the disappointing character of results in 1908, and it would appear that the special care which Canadian companies have recently been taking in regard to United States risks is producing its hoped for result in a reduction of the loss ratio The loss ratios of the British and American companies—the table refers to their fire and marine business in Canada only—also show a decided falling-off from those of 1908, the British companies' ratio being down from 58.42 to 49.93 and that of the American companies from 56.08 to 47.72.

With regard to expenses, those of the Canadian companies show a rise of from 37.17 per cent. in 1908 to 38.04 per cent. in 1909; those of the British companies from 28.78 per cent. to 30.47 per cent., while the American companies have succeeded in fractionally reducing this charge from 27.96 per cent. to 27.85 per cent. The question of expenses is naturally a vexed one and both policyholders and shareholders would rejoice if they could be pulled down. But at the same time it is not fair to allege that all expenses are so much money lost by the policyholders. By judicious expenditure on expense account fire companies are able to minimise their losses. As the committee of Union and Bureau companies pointed out from Chicago the other day in a circular letter to the companies operating in the United States west, "No general increase in fire insurance rates is possible, even though great conflagrations should seriously impair the reserves of the companies and the hope for the future of the business lies in a reduction of expenses and a lessening of the fire loss, the latter being accomplished mainly through the efforts of the companies and largely at their expense." So that the expense problem facing the companies is the separation of that which is unprofitable from that which, indirectly, is profitable, and the reduction of the one to such an extent as will allow convenient expenditure upon the other without increasing the expense ratio beyond a reasonable limit.

An interesting column of this week's table is that giving the rate of premium charged per cent. of risks taken. In the case of Canadian companies—the figures, it should be remembered refer to the whole of their business, fire and marine, both at home and abroad—the figure is exactly the same as in 1908, viz., 0.98 per cent.

In the case of British and American companies, whose figures are of Canadian business only, but include marine as well as fire risks, the rate is 1.37 per cent. against 1.46 per cent. and 1.41 per cent. against 1.50 per cent. respectively.

REGULATING FRATERNAL INSURANCE.

The committee of the National Convention of Insurance Commissioners and representatives of the fraternal orders working in the United States, who have lately been conferring in New York on the subject of the fraternals' future have now come to an agreement. It has been decided that the provisions of the Bill drafted for the purpose of causing the fraternal societies to be placed on a sound financial basis shall be amended along the following lines:—

That annual valuations and publicity shall be made not as a test of solvency but to show condition to members of societies, the valuation to begin January 1, 1912.

Valuation as of January 1, 1918, properly certified, shall be submitted to the home insurance department of the various orders and triennially thereafter. If the valuation shows a deficiency the society must reduce the deficiency at least 5 per cent. during each triennial period. Failure to reduce the deficiency will permit the insurance department to take steps to correct conditions or to wind up the business of the society.

The National Fraternal Congress tables of mortality shall be the standard for valuation of any higher standard upon which the societies have calculated their rates of contribution.

After the passage of the bill no new society shall be incorporated or admitted which does not provide for stated periodical contributions sufficient to provide for meeting the obligations contracted when valued upon the basis of the National Fraternal Congress tables of mortality, or any higher standard, with an interest assumption not more than 4 per cent., annually.

The chief effect of these amendments is to extend the period during which the fraternals must place their business on a sound footing.

The effect of the contemplated legislation will be to place, eventually, the fraternal organizations on a satisfactory financial basis. Attempts to secure such legislation in the past, observes the Standard of Boston, have been defeated through the influence of the fraternals, all the more effectively exercised as their membership of about eight millions includes a considerable proportion of the members of the various state legislatures, who have been led to believe that attempts at reform have been prompted by the desire of the legal reserve life companies to eliminate the competition of the fraternals, by imposing upon them rate and reserve requirements, with which it would be impossible for them to comply. Such a belief, fostered from interested motives by the officials both of large, but decadent, fraternals and minor organizations offering the inducements of a low mortality rate and low rates of assessment, is not only erroneous but ludicrously absurd. No stronger arguments could possibly be used by a