

LA PROTECTION'S RE-INSURANCE BY THE STRATHCONA FIRE.

The recent re-insurance by the Strathcona Fire Insurance Company, of Montreal, an organisation operating under a Quebec provincial license, of La Protection Fire Insurance Company of Fraser-ville, Que., calls attention once again to the fact that provincially licensed companies in Quebec are allowed to continue to carry on business long after financial conditions, judged by the standards of financial soundness commonly in use, have become unsatisfactory. La Protection commenced business in April, 1910. Apparently the company was a failure from the start; at all events at December 31, 1912, its assets were no more than \$58,525 (excluding uncalled capital, furniture and plans) and its liabilities, \$32,163. Thus the paid-up capital of \$70,917 was impaired to the extent of nearly \$45,000. A year later at December 31, 1913, the assets were returned as \$51,334, liabilities as \$35,216, and paid-up capital as \$71,144, so that the paid-up capital was impaired to the extent of \$55,000. In that year the expenditures exceeded the receipts by about \$8,500. By December 31, 1914, the assets had been increased to \$81,790, this total, however, including bills receivable, \$7,139, and unpaid calls on capital, \$14,061. The probabilities that the last mentioned item was worth a hundred cents on the dollar are not very great. However, allowing this, with liabilities of \$49,666 and capital paid up of \$72,944, the capital was still impaired to the extent of fully \$40,000. Again in 1914, the expenditures of the company exceeded the receipts—\$44,849 against \$43,457—and at the end of the year it had insurance in force of \$3,563,532. Now it has re-insured.

THE STRATHCONA FIRE.

The re-insuring company, the Strathcona Fire, has also scarcely made a financial success of its business. It started in 1909 and by December 31, 1912, managed to impair its paid-up capital of \$74,510 about \$70,000; the end of the year figures being assets (furniture, etc., not admitted), \$103,244; liabilities (exclusive of paid-up capital) \$98,628; paid-up capital, \$74,510. In the course of 1913, the position got worse, perhaps as a result of a loss ratio of over 66 per cent., and by the end of that year the whole of the paid-up capital with the exception of \$200 had gone. At December 31, 1913, assets were \$82,800 and liabilities, excluding paid-up capital, \$82,608. The year's expenditure exceeded the receipts by some \$12,500. In 1914, a certain amount of improvement appears to have taken place, the end of the year assets being returned as \$78,492 and liabilities as \$68,853, so that the impairment of capital was reduced to some \$65,000. But expenses exceeded receipts by fully \$3,000. At the end of 1914, the Strathcona had insurance in force of \$9,292,189.

With these facts before it, does the Insurance Department at Quebec really consider that it is performing its duty to the public by allowing companies in the financial position of the Protection and the Strathcona to go on their way undisturbed from year to year, without taking some steps looking towards an improvement in their financial position or their compulsory liquidation. The effect of the present condition of affairs is that the provincial government is in the position of giving its approval to the operations of companies in the province which are not in a satisfactory financial position, and if a bad smash really comes, then policyholders, who have likely enough been given confidence in a company by the assurance that its operations are supervised by the government, will feel, and justly feel, resentful against the government that it has not fulfilled a self-imposed task, either through the weakness of its laws or laxity of administration.

In the case of the Strathcona Fire, there is \$225,145 subscribed capital not paid up available in the last resort for the protection of policyholders. What this would be really worth if called upon, is a matter of speculation, but we doubt if it would be worth a hundred cents on the dollar, though it might be. But in any event, uncalled capital is not cash available to meet losses, and cannot be considered as the equivalent of cash. If the Strathcona's shareholders have faith in the company, probably the best thing they could do would be to re-organise the capital account paying in sufficient to give the company an unimpaired capital and a surplus above that equal to 50 per cent. of the paid-up capital, the whole being in a reasonably liquid form. That is the least possible that could be considered a satisfactory financial arrangement from the point of view of the policyholder.

PERSONALS.

Mr. Harold Hampson, of Robert Hampson & Son, is in New York this week.

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Mr. F. H. Russell, manager for Canada of the Railway Passengers' Assurance Company is at present in the West.

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Mr. J. F. Weston, managing director of the Imperial Life Assurance Company, and Mr. H. T. Roessler, supervisor of investment, are visiting the western offices of the company.

The value to an agent, in dollars and cents, of keeping in touch with his policyholders was strikingly demonstrated recently by one of the largest personal producers of a middle west life company. He placed 58 per cent. of the business written by him during a period of seven months among his old policyholders in the form of additional insurance. It pays to have satisfied patrons and to keep in touch with them.