

UNDERWRITING AT A LOSS. IN THE UNITED STATES FOR 1889.

From an examination of the New York Insurance Report of the business of 1889, we gather the following figures, from the aggregate of which it would appear that but a very small number of the companies made any surplus over their premium receipts, while the balances of about fifty per cent. of the total number of companies, including income from all sources, are on the wrong side of the ledger. We summarise the business as follows:—

Status of Business, Dec. 31, 1889.	153 Companies.		
	55 New York State.	76 Other State.	22 For- eign*.
ASSETS: Capital, paid-up.	\$20,124,020	\$40,008,600	\$13,381,719
Net Surplus over all liabilities...	14,797,387	25,963,603	27,084,718
INCOME: Fire Premium Receipts....	27,352,088	58,752,420	28,003,518
Marine and In- land Receipts.	557,549	3,204,355	868,731
From sources other than pre- miums.	2,458,311	4,851,968	1,538,891
DISBURSEMENTS: Fire losses paid....	16,503,405	24,204,905	18,374,250
Marine losses paid....	366,544	2,806,552	395,731
Incidental Ex- penses.	12,959,972	19,114,078	9,609,145
Dividends.	1,903,404	4,263,279	11,618,657

The New York Insurance Department makes the net surplus of the Foreign Branch offices, above their several deficits, their net American capital.

* As the Foreign branches are only agencies, they declare no dividends, but to equalize the results of their business with the American companies the dividends at the same rate as the latter paid upon net assets, the only factor in common between the two classes, say 10 per cent., have been here charged up, and this does not include any allowance for a proportion of the Home Office expenses.

Results of Business, 1889.	153 Companies.		
	55 New York State.	76 Other State.	22 Foreign.
Aggregate surplus of pre- mium income over losses and expenses, ex- cept dividends.....	125 offices;	(36 offices)	(70 offices)
	\$549,852	\$1,681,682	\$687,234
Aggregate deficit in pre- mium income after payment of losses and expenses.....	(130 offices)	(40 offices)	(15 offices)
	909,413	1,579,748	811,080
Excess of deficit over surplus...	59,561	101,934	123,846
Aggregate surplus of pre- mium income after payment of dividends..	(14 offices)	(12 offices)	(2 offices)
	296,100	153,304	178,603
Aggregate deficit of pre- mium income after payment of dividends.	(41 offices)	(64 offices)	(20 offices)
	2,241,294	4,304,828	1,929,984
Excess of deficit over surplus...	1,945,194	4,151,524	1,751,381
Aggregate of surplus of total income over total disbursements.....	(32 offices)	(43 offices)	(8 offices)
	1,323,803	1,864,778	778,302
Aggregate deficit in total income to meet total disbursements.....	(23 offices)	(33 offices)	(14 offices)
	791,784	1,284,331	892,050
Aggregate Profit or Loss —for the year.	+502,019	+480,447	—113,748

From the foregoing formula it appears that all of the companies failed, in the aggregate, to meet losses and

expenses from premium income alone, and this deficit was heavily augmented by the payment of dividends.

Including total income, from all sources, the American companies made a small aggregate gain or profit while the Foreign branches, after charging up dividends to put them upon an equal footing as to expenditures with the American companies, came out losers on the year's business.

Some 25 out of the 55 New York companies, 35 out of the 76 Other State companies, and 7 out of the 22 Foreign branches, showed a surplus of premium income over losses and expenses.

Dividends were paid by 41 of the 55 New York companies with a heavy deficit of premium receipts, or paid in excess of any surplus of premium over losses and expense. Some 64 Other State companies out of the 76 did the same. Of the remaining companies, 7 New York and 5 Other State passed dividends. Of those which paid dividends, but 8 New York companies had a surplus of premium income remaining; and the same number of Other State companies were in the same condition, showing that the largest proportion of dividends were paid out of the accrued assets of the companies. But then, if fire insurance companies are not intended to pay dividends to shareholders, what were they intended for?

Of the companies that came out with a balance upon the credit side of the year's business were 33 New York State and 43 Other State companies. Of the Foreign Branches, after charging up dividends, but 8 out of the 22 show a credit balance. The ratios of Losses and Expenses to premium income show as follows:—

New York companies. Losses 59.32 p.c. Expenses, 39.74 = 99.06
Other State " " 58.22 " " 34.49 = 92.71
Foreign Branches..... " 61.64 " " 32.80 = 94.44

Of commissions and brokerages paid for business and charged up in expenses, the average for all companies was 19.10 per cent., being an increase over the average for a number of years previous of one per cent.

From these figures the why and wherefore of the above results of the year's business are apparent, heavy expenses and unearned dividends being prominent among the causes. The losses alone, while up to the full average—60 per cent., will not account for the unfortunate business of the year.

NATIONAL ASSURANCE CO. OF IRELAND.

This sterling company again presents its annual statement to the public, covering the transactions of the year past, 1889, which may be regarded as of a satisfactory character. In the life and annuity branches while the volume of business was not large, it was transacted with satisfactory results, the net profit being some \$15,600 on a current income from premiums and annuities of \$83,500. In the fire branch the business resulted favorably both as to increased volume and margin of profit. The total net premium receipts amounted to \$996,795, being an increase over the previous year of \$33,622. The losses paid were \$613,400