

FORTY-EIGHT YEARS' FIRE UNDERWRITING IN CANADA.

Complete statistics regarding the underwriting experience in Canada of Dominion-licensed fire insurance companies are now available over a period of 48 years. The outstanding fact which study of these statistics discloses is the relatively unprofitable character of the business regarded as a whole, over a long duration of time. In the forty-eight years, 1869-1916 inclusive, the companies operating under Dominion licenses in Canada received in premiums a sum of \$450,669,016. They paid in losses an aggregate of \$272,250,777, a proportion of 60.4 per cent. of the premiums received. With an all-over allowance of, say, 35 per cent. for expenses, which, be it remembered, include heavy taxation (in 1915, about 23 1/4 per cent. of premium income), much expenditure on purely preventive work, and an allowance for the increased premium reserve, it is apparent that the average remuneration obtained by the companies has been exceedingly meagre.

EFFECT OF CONFLAGRATIONS.

To some extent, of course, the existing high figure of average losses paid to premiums received is a legacy from the gigantic losses proportionately to premiums, which marked some of the earlier years of the half-century. That fact, however, serves to indicate graphically the long-continued effect of enormous conflagrations upon the loss ratio of the fire insurance business. About 1908, the Canadian fire insurance business as a whole had no more than made ends meet on its operations subsequent to Confederation. Previously, the balance had been on the wrong side. Since then the balance on the right side has slowly increased. The percentage of losses paid to premiums received since Confederation which, in 1908, was 65.0, by 1912 had decreased to 62.2, in 1915 to 60.8 and in 1916 to 60.4. That this steady downward movement in recent years is likely to be checked at any time is only too obvious when it is remembered that while improvements in construction and the introduction of sprinklers, have done a great deal to reduce the conflagration hazard, there is a greater congestion of values now than at any previous period, and industrial activity and scientific progress are constantly resulting in the development of new hazards.

RECENT GROWTH OF THE BUSINESS.

On page 471 appear complete statistics showing in detail the loss experience of the Dominion-licensed fire-companies, either since Confederation or their subsequent establishment in the Canadian field. A summary of this tabulation is as follows:—

	Premiums Received	Losses Paid	Per- centage.
Canadian Companies...	\$ 95,966,646	\$ 59,780,750	62.3
British Companies.....	267,317,523	163,375,561	61.1
U. S. and French Cos....	87,384,847	49,094,466	56.2
	\$450,669,016	\$272,250,777	60.4

Indicating the great extension of the business in recent years, it may be mentioned that the total of premiums received during the last ten years is only ten millions less than the total premiums of the preceding 38 years. In the last ten years, the amount at risk has much more than doubled, while net premiums have barely doubled, owing to the reduction in the average rate of premium consequent upon improvements in construction. At the end of 1906, the Dominion-licensed companies

had at risk \$1,443,902,244, their net premiums that year being \$14,687,963. In 1916 their net amount at risk had increased to \$3,714,888,865, their net premiums being \$27,713,308.

THE AMERICAN COMPANIES.

It may be again explained that the lower loss ratio of the American companies is probably due to the fact that the majority of the American companies are comparative newcomers to the Canadian field. On the other hand, the majority of the British companies have been long established here, and have borne the brunt of great conflagrations entailing enormous insurance losses. The American companies have possibly found conditions a little more favorable for fire underwriting at a profit than in earlier days. Also American companies have benefited until recently through their maintenance of only skeleton organisations in the Dominion, which tended to keep down the Canadian expense ratio. But a recent order of the Dominion Insurance Superintendent has made this no longer possible.

Of the 49 Canadian companies included in the tabulation on page 471 only 25 survive. In one or two cases companies which have disappeared have been perpetuated in existing organisations, or the business was profitably sold outright to newcomers who did not continue the separate organisation. But the disappearances are mainly the result of financial failures. Of the 25 surviving Canadian companies, also, ten are subsidiaries of large British organisations.

The whole record emphasizes the impossibility of judging the business of fire insurance from the results shown within a limited time and in a limited area.

ESTABLISHED 1873.

Standard Bank of CANADA

Statement of Affairs, Condensed from
Government Statement 31st January, 1917

RESOURCES

Cash on Hand	\$10,762,524.47
Due by Banks	2,574,239.34
Government and Other Bonds	7,244,943.58
Loans on Call and Short Date	1,656,956.71
Time Loans and Discounts	36,064,884.76
Deposit with Govt. for Circulation	150,000.00
Bank Premises (freehold)	1,229,935.38
Acceptances under Letters of Credit	
per Contra	58,645.84
Other Assets	108,144.91
	\$59,850,274.99

LIABILITIES

Capital Stock	\$ 3,333,242.14
Reserve Fund and Undivided Profits	4,486,835.77
Notes in Circulation	4,546,513.00
Deposits	46,292,564.57
Due to Other Banks	1,026,074.06
Dividend Payable 1st February, 1917	106,399.61
Acceptances per Contra	58,645.84
	\$59,850,274.99