ROYAL INSURANCE COMPANY, LIMITED.

Probably there are few insurance companies more widely known the world over than the great Royal of Liverpool. Comparatively a modern organisation, having been established in 1845, it has long occupied a leading place among the British insurance giants, and continues to moves steadily forward both in the extent of its operations and the amplitude of its resources. At the present time the Royal's assets total over $110,000,000, while its annual premium income approaches $34,000,000. In several branches of insurance the Royal occupies a prominent position. The enormous proportions of its fire business, producing now an annual premium income of over $20,000,000, are well known. In its life department, the Royal has achieved a remarkable record. For the long period of half a century, it has maintained unaltered its quinquennial bonus to policyholders—an addition of $15 per annum to each $1,000 assured. The uniformity of the bonus through good and bad times alike, and its recent declaration at a time of unprecedented financial disturbance, constitute an achievement only possible where sobriety and wisdom of administration have steadily built up a financial position that is proof against practically every conceivable adverse circumstance.

THE FIRE DEPARTMENT'S YEAR.

The following is a comparison of the Company's fire business for 1914 with that of 1913:—

	1914.	1913.
Premiums after deduction of re-insurances	$20,070,442	$20,068,778
Net Losses	11,449,860	10,514,624
Ratio of Losses to Premiums	57.0	52.4
Fire Fund at end of year	16,060,000	16,060,000

The Royal shared last year the relatively unfavorable experience reported by the majority of the great British fire companies. The premium income, which since the opening of the present century has increased by about 65 per cent., made only a slight advance upon that of 1913, sufficient, however, to constitute a new high record. On the other hand, there was a sharp rise in losses which increased nearly a million dollars in comparison with the previous year, so that the loss ratio was 57.0 per cent., compared with 52.4 per cent. in 1913, and the highest ratio experienced since 1906, the year of the San Francisco conflagration in connection with which the Royal paid out in losses no less a sum than $6,250,000. It may be noted that from its foundation to December, 1914—a period of just under seventy years—the Royal has paid out in fire losses an enormous sum aggregating over $250,000,000.

GREAT RESOURCES.

The Royal's fire fund is maintained at $16,060,000. Besides this fire fund, there is available to meet the obligations of the Royal's fire department, a reserve fund of $7,786,667 and a profit and loss balance of $5,436,374, making a total amount available for the security of policyholders, apart from paid-up and subscribed capital, of $29,283,041, equal to 146 per cent. of the premiums of 1914. It is a position of magnificent financial strength.

THE LIFE DEPARTMENT'S QUINQUENNIUM.

As already intimated, a quinquennium of the life department closed with the year 1914, and the results achieved during the period have been so satisfactory as to permit the declaration of a bonus of the same amount, viz. $15 per annum per $1,000 assured, as has been declared at every quinquennium through the past half-century. As usual, the quinquennial valuation was of a most stringent character. The rates of interest assumed in the valuation of liabilities were 3 per cent. for assurances, and 2½ per cent. for annuities, being well within the return actually obtained. The mortality tables employed for assurances were the British Offices Life Tables (1893). Assurances for the whole term of life of all classes and durations have been valued by the $O^{M}(5)$ Table with $O^{[M]}$ Net Premiums; Contingent Assurances have been valued by the $O^{[NM]}$ and $O^{[af]}$ Tables; and the O^{M} Table in combination with $O^{[M]}$ Net Premiums, has been employed for Endowment Assurances and the remaining classes.

The net premium method of valuation, which has invariably been used by this Company, has again been adopted, the whole of the Loading, or difference between the net mathematical premiums and the premiums payable, being left free to provide for future expenses and to contribute to future profits. On this occasion the net premiums have been based on the Select $O^{[M]}$ Tables instead of on the Aggregate O^{M} Tables used five years ago, the effect being to increase the margin of loading and to add to the stringency of the valuation. The net premiums have been calculated for the nearest ages at entry, and in the case of policies accepted with additions to age the nearest ages at entry (and the valuation ages) have been correspondingly increased. In certain classes an additional reserve of loading has been made in order to increase the margin to a minimum of 10 per cent. of the office premiums. The valuation of every class also includes full provision for payment of claims as at the date of death, the necessary adjustment adding $455,744 to the estimate of liabilities. While war claims incurred up to December 31, 1914, amounted to $121,667, a special reserve of $243,333 has been provided in the valuation against further war claims.

RESULT OF THE VALUATION.

The result of the valuation is that an amount of $4,691,822 is allocated to policyholders, $576,535 is carried forward undivided, $486,667 is carried to the general contingencies fund, and $632,667 is allotted as the shareholders' proportion. The policyholders' bonuses are allocated as follows:

Participating policies which have not previously participated receive a Reversionary Bonus of $15 per $1,000 on the sum assured for each full year's premium paid at the participating rate, and policies which have previously participated receive a Reversionary Bonus of $75 per $1,000 on the sum assured.

Participating policies under which claims by death or maturity may arise before the 31st December, 1919, will receive in addition an interim bonus at the quinquennial rate of $15 per $1,000 on the