

LLOYDS' NEW GUARANTEE SYSTEM.

An English Criticism—Scheme does not go Far Enough.

The recent inauguration of a guarantee system by London Lloyds' underwriters is criticised in the Manchester *Policyholder*, which argues that the scheme does not go far enough. "The present system—including the objectionable practice of not disclosing to the public the extent and character of the fire and accident business effected or the resources of the members—is to continue," says the *Policyholder*. "In the future, however, the premiums paid for guarantees are to be paid into a trust fund, to be held by the committee, instead of being paid as at present to another underwriter. It is hoped that in time the new arrangement will develop into a factor of considerable importance, but meanwhile the arrangement is regarded more as a convenience to the underwriters than a safeguard for the policyholders.

"We are told that premiums paid for guarantees in the past will in future be pooled, and that this sum will be available if necessary for meeting any shortcomings that there may be, but should it fall short, there will still be individual guarantees to fall back upon. Are guarantees, for which a consideration has been paid in the past, to continue and to be given for love in future?

"We can only say again that the proper, the simplest and by far the most straightforward and satisfactory course for Lloyd's to adopt would be to publish accounts. The Assurance Companies Act provided for this, making a special concession that a Lloyd's underwriter should be called upon to deposit £2,000 only, whereas an ordinary company has to "table" £20,000. If they have nothing to hide from the searchlight of publicity why do they not come into the open instead of adopting this complex system of guarantees, pools, audits and trusts?"

BRITISH COLONIAL FIRE INSURANCE COMPANY.

The British Colonial Fire Insurance Company, of Montreal, has had a satisfactory experience in the first complete year of its operations. Of necessity, the process of building up a new fire office must be slow, if it is to be sound and substantial. The details of the business given at the annual meeting suggest that the management has very rightly been concerned more with the quality than with the quantity of the risks taken. No effort has been made to build up a large premium income at the start, a fact which augurs well for the Company's future. The British Colonial has the advantage of being a tariff company, and with an adherence to sound methods of underwriting and a conservative policy generally, the Company will, doubtless, develop in time into a successful institution. Its managing director is Mr. Theodore Meunier. Surplus for the security of policyholders at December 31, amounted to \$1,022,660. It is to be hoped that this Company's career, which has evidently begun on sound lines, will fulfil the present promise.

Mr. George B. Woods, president and managing director of the Continental Life of Toronto, was recently entertained at a banquet and presented by the officers, agents and office staff of the Company with a valuable diamond ring.

FIRE COMPANIES' EXPENSES NOT EXCESSIVE.

The rate of fire companies expense in this country and the United States is higher by about five points than it is in any European country. Since the year 1880 expenses have increased about six points, but it must be remembered that at that time rating was done by guess work and cost nothing, no systematic inspection of risks was carried out, and competition had not taken possession of the field. Coupled with this we must take into account the fact that the Government had not learned the art of extracting a revenue from the sale of fire indemnity. To-day a considerable proportion of the income of insurance companies goes in taxation. Not only are the taxes of the multiple governments excessive in themselves, but the cost of collection by this farming-out process must be added. Insurance companies in Canada pay about \$310,000 in taxes every year, but its cost to the premium paying public is over \$370,000, all of which is entered in the companies' expense account.

If an analysis be made of that account it will be found to consist of the following items:—

	Canada.	U.S.A.
Commissions	18.00 per cent.	21.50 per cent.
Average taxes	1.30 "	2.65 "
Rating expenses	1.25 "	1.35 "
All other expenses	10.45 "	12.00 "

31.00 p.c. of prem. 37.50 p.c. of prem.

Investigating further we shall find that the companies' expenses outside of commissions have steadily decreased for a number of years, due no doubt to a larger average business, denser population, concentrated values, and an increased measure of co-operation between the companies. This one fact, a slight decrease in expenses, is an entirely creditable showing that few other businesses in the country could parallel. If there is room for improvement in insurance affairs as some think it is surely not in this direction, for after two hundred years of experience a marvelous efficiency has been attained that younger enterprises cannot hope to equal.—Mr. J. Grove Smith, C.F.U.A.

A SUGGESTION FOR MUNICIPALITIES.

Some Canadian municipal issues are split up for purposes of redemption into three or four parts, sometimes with 10 or 20 years between the time when the first and last bonds mature. Yet when the loan is issued all the bonds are offered at the same time, and the applicant has to take whatever bonds are allotted. As the date of maturity of the first bonds approaches it is clear that one price for the whole loan will only suffice if the longest term bonds happen to stand at about par. It is time that colonial municipalities adopted a similar regulation to one of those of our own Local Government Board, which permits borrowing in one sum for a fixed term representing the "equated term" of the periods for which authority may have been obtained for several smaller loans.—London Economist.

Mr. Arthur Watt, A.I.A., who received his training with the Sun Life of Canada, and for some time past has been actuary of the Southern Life and Trust Company, Greensboro, N.C., has been elected secretary of that company with the title of secretary and actuary.