

Monetary Times

Trade Review and Insurance Chronicle
of Canada

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MORAL HAZARD AND FIRE INSURANCE

The abstract of the fire insurance companies' business in Canada for 1914 presents some interesting features. The net cash received for premiums in 1914 exceeded the amount for 1913 by \$1,801,933; partially accounted for by a reduction of \$986,337 in reinsurance and return premiums, and an increase of \$763,768 in gross cash received for premiums.

There was an increase of about 6 per cent. in the gross amount of policies, new and renewed, and of about 10 per cent. in the net amount at risk with about the same proportion of increase in the net amount of losses incurred during the year 1914, and consequently in the net amount paid for losses.

There appears to have been a disproportionate amount of loss during the last two months of 1914, causing an increase of about 25 per cent. in the unsettled claims not resisted (not accruing due) at the end of 1914, but care in selection and supervision of risks caused a decrease of about 40 per cent. in the amount of claims resisted, the resisted claims at the end of 1914 being \$96,990, or about \$1.00 resisted against \$163 paid.

The several amounts resisted are very small with the exception of those of three companies who, together, had cause to resist more than one-half of the gross amount resisted, one of them having, apparently, an exceptionally unfortunate experience in this direction.

If we subtract these three amounts we find only about \$1 of loss resisted to \$354 incurred,—not quite 3/10 of 1 per cent. If we apply this approximation as of the number of loss claimants, it would indicate that only 1 claimant out of 354 claimants presented excessive or dishonest claims, which would speak well of Canadian business conditions at a time when the values of buildings, household furniture and some descriptions of merchandise have so decreased as to create over insurances with consequent temptations to carelessness and crime.

The circumstances attending the last two months of 1914, such as unemployment, scarcity of money, difficulties in collection of rents and retail accounts and loss of business, were such as to give fire underwriters great cause for uneasiness, but the general experiences show Canada to have been surprisingly free from a general state of moral hazard.

If inclined to pessimism, think of the German position.

For the Ontario fire marshal's job it looks like "Politics first."

A hardware man tells *The Monetary Times* that he is doing a rush business in padlocks. This he ascribes to the fact that there is unemployment and much tightly held money. Petty thieving has therefore increased. Trade winds have their novelties.

CANADIAN BOND SALES

The Grand Trunk railway authorities have managed to satisfy the British treasury and to obtain permission to issue in London £2,500,000 five-year 5½ per cent. notes. The issue was made on Tuesday, the price being 99. The bulk of the new issue, noted elsewhere in *The Monetary Times*, will replace £2,000,000 5 per cent. notes due in July. This is the second Canadian loan in London since the outbreak of war, the other being a Dominion government issue of £5,000,000 4½ per cent. five and ten-year bonds in March.

Canadian financing has been carried on satisfactorily despite the upheaval in the money market. During the five months of 1915, and the first week of June, according to *The Monetary Times*' records, approximately \$119,847,081 of Canadian bonds have been sold in the various markets. The figures as compiled by *The Monetary Times* are as follow. They include this week's Grand Trunk issue:—

Canadian bonds sold in	Amount.
United States	\$ 59,297,772
Canada	23,049,309
Great Britain	37,500,000
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	\$119,847,081

During the whole of 1914, \$257,581,000 of Canadian bonds were sold in the same markets so that the record of the current year to date is a good one.

By classes the sales are as follows:—

Borrowers.	Amount.
Government	\$ 57,375,000
Municipal	40,624,081
Railroad	14,500,000
Corporation	7,348,000
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	\$119,847,081

No important bond issues were made in the United States during May, that month being devoted largely to selling the unsold balances of some of the big provincial government and municipal loans of Canada, which were issued in April. There seems to have been established, however, a much more permanent market in the United States for Canadian high-grade securities.