

FIRE INSURANCE IN CANADA, 1902.

The Abstract of fire insurance in Canada for year 1902 appears in this issue as compiled from the Preliminary Statement of the Superintendent of Insurance.

The total net cash received for premiums last year was the large sum of \$986,205 in excess of 1901 and \$2,304,505 more than in 1900, the several amounts in the past three years having been, 1902, \$10,636,553; 1901, \$9,650,348 and \$8,331,948 in 1900. As compared with the aggregate net amount of losses incurred the following is the exhibit:

	Total premiums.	Increase in year.	Total losses incurred.	Increase or dec. in year
	\$	\$	\$	\$
1902.....	10,636,553	986,205	4,265,598	d. 2,518,019
1901.....	9,650,348	1,318,400	6,783,617	d. 1,295,314
1900.....	8,331,948	8,078,931

The increase of \$986,205 in premiums and decrease of \$2,518,019 in losses incurred made a difference in results of \$3,504,224 in favour of 1902 as compared with 1901. Put in another form the comparison stands as follows:

		\$
1902.....	Excess of premiums over losses,	6,370,955
1901.....	" "	2,866,731
1900.....	" "	253,017
Average..	" " for 3 years,	\$3,163,600
Ratio of losses incurred to premiums.....	1902, 1901, 1900	40.10 70.09 93.31

The Canadian fire companies receipts for premiums rose last year from \$1,727,041 to \$2,117,041, or 22.58 per cent.; the British companies' receipts increased from \$6,595,447 to \$6,946,919, which equals 5.32 per cent., and the American companies premiums were enlarged from \$1,327,491 to \$1,572,593, an addition of 18.46 per cent. An unusual feature in the 1902 returns is the increase in the premium receipts of the Canadian companies having been larger than the increase in the British companies, the Canadian premiums having been enlarged to extent of \$389,631, while the British companies only added \$351,472 to their premiums last year in excess of 1901. How far the extra advance made by the Canadian companies as compared by the British arose from the greater cautiousness on the part of the latter inspired by the disasters of 1900 we are unable to say, but there is the record for observers to draw from it their own conclusions.

The brightest feature in the 1902 returns is the very large decrease in losses as compared with both 1901 and 1900. In this experience all three classes of companies participated almost equally as the following shows:

Companies.	Losses incurred 1902.	Losses incurred 1901.	Losses incurred 1900.
	\$	\$	\$
Canadian.....	881,507	1,005,700	1,081,244
Ratio to premiums.....	41.6 p.c.	58.2	83.2
British.....	2,798,418	4,890,710	5,725,397
	40.2	74.1	99.8
American.....	585,673	887,207	1,272,290
	37.2	66.8	107.0

The year 1901 was only satisfactory inasmuch as it was an improvement over 1900, but the results of 1902 did something towards providing compensation for the disasters of 1900, though not sufficient to offset the record of that calamitous year. "One swallow does not make a summer," nor does one good year's excess of premiums over incurred losses fill up the gap made by a previous year's losses having swept away all that year's premiums. In some cases indeed not the receipts of that year only were swamped by the losses in 1900, but a very large proportion of those of a second year. If to the losses of 1900 and 1901 there is added 30 per cent. of the amount received for premiums, which is annually required to cover expenses, we find that the results of 1901 left nothing for dividends on the capital invested in the business. If, indeed, the returns of three past years are put together they give this unsatisfactory exhibit:—

	\$
Total premium receipts in 3 years.....	28,618,849
Total losses incurred in 3 years.....	\$19,128,146
Annual expenses at 30 per cent.....	8,585,654
	27,713,800
Excess of receipts on 3 years' business.....	\$ 905,049

This sum was not available for dividends for it would be absorbed by the necessity of providing a reserve for unexpired risks, a condition which no fire insurance company can prudently, or even honourably neglect.

The enlargements of the business last year as compared with 1901 were as follows, showing the net amount at risk in each year:—

	1902.	1901.	Increase.
	\$	\$	\$
Canadian.....	255,049,293	221,756,637	33,292,656
British.....	694,660,815	694,491,228	169,587
American.....	133,999,827	122,439,754	11,560,073
Totals.....	1,083,709,935	1,038,687,619	45,022,316

The above statistics afford no ground for the theory that the fire companies have been deriving exorbitant profits from their business, but they do show that even the exceptionally favourable results of 1902 were not sufficient to recoup them for the enormous losses of 1900, and for those of 1901. Congratulations, however, are in order upon the great improvement realized last year.