

FIRE INSURANCE IN CANADA, 1914.

On following pages, THE CHRONICLE is this week able to present a summary of the fire business transacted in Canada by the companies holding a Dominion license. The data from which the summary is compiled is supplied by the companies themselves, and it comprises much interesting information regarding the experience of the fire companies last year, now made available for the first time. The Government returns are not likely to be out for several weeks yet.

While the experience of individual companies naturally varies, apparently, 1914 was not, generally speaking, altogether a favorable year for the fire companies transacting business in Canada. Thanks to jerry-building, inefficiently administered building by-laws and the like, and above all, the national spirit of carelessness and indifference where fire is concerned, we are continuing to burn up our wealth as fast as ever. Fire insurance does not do away with the loss to the community by fire. That is an absolute waste, fire insurance being only a means whereby the cost of losses of individuals is distributed over the whole community. A reduction in the fire losses means not only a lessening of absolute waste, but also a lessening of the community's contribution in the shape of fire insurance premiums to meet those losses. Hence the urgent necessity for further improvement in the character of risks and of fire protection, and of persistent education of the community towards a realization of its present gross carelessness.

PRUDENTIAL'S MUTUALIZATION COMPLETED.

Control for all time of the Prudential Insurance Company of America by its nearly thirteen million policyholders has been effected under the mutualization plan, according to a statement issued by President Forrest F. Dryden. Much of the Prudential insurance has been written on a non-participating basis, but from now on, with the exception of holders of policies issued in exchange for lapsed insurance, the entire business will participate in the Company's surplus earnings, without any increase in premium rates. Those who have non-participating policies will share in this distribution of the Company's earnings.

What this actually means is that the control of \$361,459,866.05 of Prudential assets, with liabilities of \$324,978,566.51, and surplus and capital of \$36,481,299.54, will hereafter be vested absolutely in the great army of holders of Prudential policies, and that they will manage this interest through a directorate selected by themselves.

Coming as it does at this time, Mr. Dryden's announcement is of especial interest, inasmuch as 1914 was the greatest year in Prudential history. The Company, during that twelve-months, broke all world's records for volume of paid-for business, writing more than any life insurance company in the world, and at the lowest expense rate in its history. This business totaled \$518,963,821, of which \$346,782,340 was in the industrial class and \$172,181,481 ordinary, while there is an increase in paid-up insurance of \$185,599,328. The aggregate amount of Prudential business on the Company's books at the close of 1914 was \$2,592,478,248, representing 12,835,645 separate policies.

FEDERAL LIFE'S SHAREHOLDERS' POSITION.

A detailed statement regarding the arrangement made for the taking over by the Sun Life of the Federal Life of Hamilton shows that the shareholders of the latter company will receive back the amount of the paid-up capital stock (\$130,000) plus the amount standing at credit in the shareholders' account as at December 31, 1914 (\$102,306). For the good-will of the business, the Sun Life will pay the Federal Life shareholders an allowance for the first year of 17½ p.c. and for the second year of 10 per cent. of the premium income of the Federal Company for 1914. Net premium income in 1914 was \$1,007,546. Additionally, the Federal Life's shareholders will receive their proportion of profit accruing from the Federal business, on the same basis as heretofore in use by the Federal company, viz., 10 per cent. of the profits arising from the participating policies and the whole of the profits from non-participating policies and annuities, until the total amounts thus accruing to the shareholders equal 12 per cent. of the net life premium income of the Federal company for 1914, with interest at 6½ p.c. on the balance remaining unpaid.

"In considering the satisfactory return which the shareholders will now receive for their stock holdings in the Federal Life," says Mr. F. Sanderson, consulting actuary, in an independent report, "it is perhaps only fair to mention the circumstance that for the first fifteen years of the Company's existence (1882-1897) the shareholders received practically no interest, dividend or other return upon their paid-up capital."

BRITISH COLONIAL FIRE INSURANCE COMPANY.

The British Colonial Fire Insurance Company, of Montreal, shows a satisfactory 1914 experience in its third annual report. Net premium income was \$220,325 and net losses \$26,494, giving the low loss ratio of 12 per cent. Ledger assets at December 31, 1914, were \$338,908. Last December, the British Colonial assumed the policy liability of the Central Canada Insurance Company, of Brandon, Man., and it is mentioned in the report that the business thus obtained is of a satisfactory character. Necessarily the building up of a new fire insurance company must be a slow process, if it is to be done on sound and substantial lines. The British Colonial appears to have begun on the right track. It has the advantage of being a tariff company, while its managing director, Mr. Theodore Meunier, is shrewd and cautious. With an adherence to conservative methods of underwriting, and generally a cautious policy, there seems no reason why the British Colonial should not in due time develop into a successful institution. There is good promise for the future.

A new subsidiary of the London and Lancashire Fire Insurance Company is being organised in the United States. It will be known as the Safeguard Insurance Company of New York and have \$200,000 capital and \$300,000 surplus. The charter of a former company of the same name has been owned by the London and Lancashire Fire since 1879.