

FIRE PREMIUMS AND LOSSES IN CANADA, 1915.

We publish in this issue our annual tables, which have been compiled for a great number of years, showing the ratio of net losses incurred to net cash received for premiums in 1915 by the fire companies operating in Canada under Dominion licenses. It is possible to give this compilation somewhat in advance of the date of publication in former years, owing to the fact that this year the preliminary abstract of insurance business has been got out by the Insurance Department at Ottawa several weeks earlier than formerly, an improvement in administration upon which the Department may be congratulated.

DECREASE IN PREMIUM INCOME.

While the number of companies included in these tables shows an increase of seven over 1914, their premium income for 1915, as was to have been anticipated, shows a decrease in comparison with the previous year, the decline being the first recorded since 1909. Last year's premium income of all the companies holding Dominion licenses—Canadian, British, French and American—totalled \$26,530,293, compared with \$27,499,158 in 1914, the decrease being thus about \$970,000, compared with an increase of \$1,750,000 in 1914. The British companies, whose premium income amounts to slightly over one-half of the whole, maintained their premium income at practically 1914's level (\$13,658,845 in 1915 against \$13,710,907 in 1914, a fall of only \$52,000), the great bulk of the decline in income being distributed among the Canadian, American and French companies. The premiums of the Canadian companies show a decrease of about \$470,000 from \$5,016,653 in 1914 to \$4,544,348 in 1915, and those of the American and French companies, a decline of some \$444,000 from \$8,771,598 in 1914 to \$8,327,100 in 1915. The detail of the Canadian companies' returns shows a considerable diversification of experience in this connection, and it is not possible to generalise in regard to the causes which have resulted in the sharp decline in aggregate premiums. A number of the American companies have only entered the Dominion in recent years and have been transacting business in only a few of the provinces, and their recent and partial organisations would naturally feel proportionately more severely a period of business depression than would old-established and Dominion-wide organisations. Probably, also, the American companies find in some cases an inclination on the part of the insuring public to deal with British companies at the present time and in one or two cases, Teutonic suggestions in companies' names must have proved a severe handicap.

THE LOSS RATIO.

The decrease in premium income last year is compensated for by a sharp decline in losses incurred

in comparison with 1914. The net losses incurred last year were \$13,667,458, against \$15,899,218 in 1914, a decrease of \$2,232,000. The ratio to premiums is 51.52 per cent., the best record since 1912 and comparing with 57.82 per cent. in 1914 and 56.71 per cent. in 1913. The British companies' ratio of 49.20 against 58.15 in 1914 is the best that they have recorded in a number of years, though 1909 with 49.70, is near it. Proportionately, the Canadian companies also show a very handsome improvement, their 1915 ratio of 52.88 comparing with 61.10 in 1914. The ratio of the American and French companies at 54.57 is, however, little better than the 55.19 of 1914, the average being swelled by the unfortunate experience last year of some of the American companies transacting a business of fairly important proportions in the Dominion.

While, broadly speaking, underwriters in Canada enjoyed in 1915 a satisfactory year, their gratification is somewhat chastened by the severe depreciation in securities and by the incidence of heavy war taxation. Indications suggest also a certain restriction in this year's premium income. Industrial activities resulting from the war for the present bring a certain amount of business, but how far in the current year, these will offset light stocks of general merchandise and negligible new building operations remains to be seen.

TWENTY-ONE YEARS' RECORD.

The additional table summarising the loss record of the whole of the companies for the past twenty-one years shows at a glance the course of the fire insurance business in Canada during that period. It will be seen that on the whole, the second decade makes a rather more favorable showing than the first. But only in three years of the twenty-one has the loss ratio of the companies fallen below 50 per cent. In one year, 1904, when the companies paid out seven and a quarter million dollars for the Toronto wholesale warehouse district fire, there was an actual excess of losses over premiums and in six other years the loss ratio was over 60 per cent. It is evident from this record that, averaging over a long period of years, which is the only method by which fire insurance profits can be calculated with any approach to accuracy, the companies have obtained but moderate returns from their underwriting activities in Canada.

It may be noted that last year only two companies had Canadian premium incomes in excess of a million dollars, compared with five in 1914. They are the Royal with \$1,429,655 and the Liverpool and London and Globe with \$1,342,437. These figures are exclusive of the premium incomes of subsidiary and controlled companies operating in Canada.