

FORTY-FOUR YEARS OF FIRE UNDERWRITING IN CANADA.

THE CHRONICLE publishes this week its annual statistics showing the results of fire underwriting in Canada by the regularly licensed companies under the supervision of the Dominion Government from 1869 to the close of 1912, a period of forty-four years. These statistics show that while here and there individual companies may have earned good profits as a result of their fire underwriting in Canada, as a whole the business yields exceedingly modest returns. Study of these figures suggests, in fact, a certain amount of wonder that in a country like Canada where investments giving very large returns are to be found almost in profusion, any capital should be ever attracted to a business generally more distinguished for its hazards than for its profits.

PREMIUMS RECEIVED.

The amount which has been received in premiums by the fire companies during the 44 years is almost \$350,000,000. Classified according to nationality the amounts received by the respective companies are as follows:—

Canadian Companies.. . . .	\$76,555,581
British Companies.. . . .	212,554,440
American and French Companies.. . . .	54,125,749
	\$343,235,770

It is interesting to note as an indication of the rapidity with which the fire insurance business in Canada has expanded during recent years that up to the close of 1902, ten years ago, the aggregate premiums received by the fire companies from 1869 onwards totalled \$177,000,000. So that in the last ten years the amount of their premiums has practically equalled the amount of premiums of the previous thirty-four years. The average rate of growth during the last decade has been over \$16,500,000. Last year the addition to the aggregate was \$23,194,000.

LOSSES PAID.

The losses paid by the whole of the companies during forty-four years reach \$213,568,106. The details are:—

Canadian Companies.. . . .	\$48,534,648
British Companies.. . . .	133,819,249
American and French Companies.. . . .	31,214,209
	\$213,568,106

That is to say during the forty-four years companies operating in Canada have paid away in losses 62.22 of the premiums they received, the proportions being respectively as follows:—

Canadian Companies.. . . .	62.61
British Companies.. . . .	62.96
American and French Companies.. . . .	57.67
	62.22

The best that can be said for this ratio is that it is better than it used to be. During recent years, thanks to a fairly favorable experience, this loss ratio has been steadily reduced as the following table of percentages shows:—

To end of 1912.. . . .	62.22	To end of 1908.. . . .	65.00
" " 1911.. . . .	62.96	" " 1907.. . . .	65.41
" " 1910.. . . .	63.62	" " 1906.. . . .	66.30
" " 1909.. . . .	64.29	" " 1905.. . . .	67.78

However, there is no telling when a huge conflagration may send this ratio up again. When an all-round allowance of say 33 1-3 per cent. has been made for expenses, and the increased premium reserve and conflagration hazard are reckoned with, a loss ratio of 62.22 does not leave a very large margin of profits. That some of the companies have made and continue to make very fair profits is of course true, but against these can be set off a number of other companies, who have made heavy losses. Considering the hazardous character of the fire insurance business, it is probably true to say that there is scarcely any other branch of commerce or finance involving equal risks which makes in the aggregate so moderate a return to the capital engaged in it.

MORTALITY OF FIRE COMPANIES.

It will be noticed from the tables that a considerable number of fire companies which at one time were operating in Canada have now gone out of business. In some cases, their disappearance has been due to amalgamations; in others to the fact that they have found circumstances unpropitious for their continuance. In this connection, it is interesting to note American experience in regard to mortality among fire companies. A compilation by the *Spectator* of New York some time ago showed that of 186 fire companies operating in New York state on January 1, 1871, 142 or 76 per cent. had in 1910 gone out of business leaving 44 or 24 per cent. surviving. Similarly the *Policyholder* of Manchester has shown that the number of British fire offices which secure any degree of permanency is relatively small. Of 574 offices started during the fifty years between 1860 and 1909, 191 existed at the beginning of 1911. But many of them while possessed of powers to write fire business have never actively exercised those powers, and others restrict their business to some particular class of risk. The *Policyholder* found a sudden decrease in the number of existing offices when the business has shown unfavorable results for a time, while a year or two later than one of these periods new offices begin to make a stir.