UNDERWRITING AND INVESTMENT PROFITS AND LOSSES OF FIRE COMPANIES IN 1917

Our contemporary the Spectator New York says: One hundred leading fire insurance companies licensed in New York State were in 1917 only able to report an aggregate underwriting profit of $8,783,404, or 2.2 per cent of their underwriting income earned, though even this relatively small profit exceeded that of the preceding year by nearly 1 per cent. In 1917 the underwriting income earned of the 100 largest companies advanced from $345,759,981 (in 1916) to $404,420,967, while their underwriting profit increased from $4,650,819 to $8,783,404. The profit in 1917 was four and one-quarter million dollars less than in 1915, which latter was the most favorable year for the companies since 1910.

The investment gains fell off $21,500,000 last year as compared with the previous year, so that the surplus earned was seventeen and a quarter million dollars less in 1917 than in 1916. The net dividends incurred declined seven and three-quarter million dollars last year. There were gains by decrease in special reserves, excess of deposits over liabilities, etc., amounting to $4,000,000 as compared with 1916, so that, in round figures, the net result was an increase in surplus in 1917 of five and one-half million dollars less than the increase in 1916.

The dividends of American companies and net remittances to home offices of foreign companies amounted to $16,805,763 net, or seven and three-quarter million dollars less than in the preceding year, which latter included the transfer of $7,000,000 from surplus to capital by one company. Even with the gain in surplus occasioned by the reduction of excess special deposits, etc., amounting to $3,370,588, the companies only added $2,801,747 to their surplus funds last year.

Of the 100 companies listed only 45 derived any profit from their underwriting transactions, while 55 showed underwriting losses last year. The percentages of underwriting profits ranged from 18.9 per cent down to .1 per cent, while the percentages of underwriting loss varied from .5 per cent to 32.7 per cent, the average profit for the whole number of companies having been 2.2 per cent. The stockholders of fire insurance companies are certainly entitled to expect a moderate profit upon their investment in the business from the underwriting transactions of the companies. It is also a matter of permanent interest and of great importance to the policyholders that the fire insurance companies should steadily advance in financial strength, so as to be able to withstand any drain which may be made upon their resources by reason of a great conflagration or a financial panic. Naturally, the policyholders of insurance companies demand that their contracts shall always be good for 100 cents on the dollar, whenever a fire loss claim shall become due thereunder. For the companies to be in position to carry out their contracts of indemnity to the letter, they must secure enough income in normal years to provide surplus resources wherewith to pay the excessive losses in years in which conflagrations occur.

Huge amounts of insurance are carried by the fire insurance companies for the people of the country, probably amounting to over seventy-five billion dollars, and the insurance interests thus sustain and foster the general trade and commerce of the country. During the past two decades it is probable that the leading companies have paid losses of at least $2,600,000,000, while during that period the net dividends and remittances have only aggregated $182,313,959. This latter sum is manifestly small in proportion to the tremendous hazards assumed by the stockholders, the reality of which has been demonstrated by numerous conflagrations, among which one alone, that at San Francisco, destroyed $350,000,000 worth of property. However, it is to be noted that even the dividends paid were not earned through the underwriting transactions of the companies, having been drawn from their investment income. The earnings upon capital invested in the fire insurance business should, in all reason, be as large as those in safer classes of business, in which the risk of loss of the entire invested capital is relatively negligible.

It needs no argument to satisfy the thoughtful citizen that the capital invested in all other lines of business is largely safeguarded by the financial stability of the fire insurance institutions, and that the ability of the latter to meet all obligations is a most important matter to all owners of property. They, in common with the officers and stockholders of fire insurance companies, should wish to see the latter so strongly intrenched that no possible emergency should render them unable to promptly meet their every obligation. In order that this satisfactory condition may continue to exist, all owners of property should co-operate with the fire underwriters by paying adequate premiums for their insurance protection, and, by using every endeavor to avoid preventable fires, success in the last-named movement tending towards the maintenance of low premium rates.

THE HUMAN TIDE

Over a billion and one-half,
By latest estimation,
Of living, active human-kind
Make up earth's population.
Average life is "thirty-three,"
Careful statistics show it,
And most physicians will agree
The "trend" is not below it.

Over "five thousand" hourly die,
'Bout "ninety" every minute,
The span of life to some so brief,
We wonder, why begin it?
To whence departs this constant throng
When ent'ring Death's dark portal?
Centuries vast have rolled along
Toward what's called "immortal".

No mortal from that unknown realm
Beyond the "uncharted sea"
Has e'er returned to tell us of
What is called "eternity."
We dream of what we know not of
Beyond life's fateful curtain.
And realize that, after all—
'Tis death alone that's certain.

—AUGUSTUS TREADWELL.