

The notable feature of the depression of the 1930's is that it brought an unusually low fire-loss ratio in Canada and a correspondingly high rate of fire underwriting profit. The figures for the two ratios are given below, the former relating losses incurred to premiums written and the latter the fire underwriting profit to premiums written. The statement shows also the experience for the decade 1919-28.

Year	Fire-Loss Ratio	Rate of Fire Underwriting Profit	Year	Fire-Loss Ratio	Rate of Fire Underwriting Profit
	p.c.	p.c.		p.c.	p.c.
1919-28.....	52.20	4.70	1938.....	40.91	10.07
1929.....	53.84	1.96	1929-38.....	48.42	6.52
1930.....	57.80	0.85	1939.....	38.40	12.57
1931.....	59.47	-2.45	1940.....	36.84	13.72
1932.....	64.10	-5.73	1941.....	36.13	6.30
1933.....	52.09	5.43	1942.....	43.07	6.52
1934.....	40.92	15.41	1943.....	47.04	5.64
1935.....	36.25	15.61	1944.....	52.56	-6.99
1936.....	34.99	15.84	1945.....	52.43	-6.13
1937.....	34.88	14.99			

It will be noted that the years that marked the depth of the depression, namely 1934 to 1937, saw also an unusually low loss ratio and high rate of underwriting profit and those features have persisted into the war period until, with the slackening of wartime production in industry, a marked reversal has taken place.

The explanation given by many underwriters of the departure from the expected experience indicated above is that the severity of the depression in its early years had the effect of practically eliminating the equity of owners in their buildings occupied for business purposes, so that there was no profit incentive to arson. On the other hand, fire prevention organizations regard the change as evidence of the effectiveness of their publicity and educational programs in favour of conservation of property; perhaps a longer period of post-war conditions is necessary to permit a final judgment between these views, but at this writing the prospect for an early reduction of the fire-loss ratio is not bright.

The Rate of Fire Premium.—The large underwriting profits shown in the above statement are not due to any increase in the premium rate. There has been, throughout the fifteen years and earlier, a gradual decrease in that rate. The aggregate rate for all risks, regardless of the term of the contracts, in 1945 was 72 cents per \$100 insured, while in 1929 the corresponding rate was 82 cents, and going back to 1918, \$1.06. Such an aggregate rate, however, is affected by the relative proportions of one-year and three-year business written by the companies; an increase in the proportion of three-year business will naturally produce an increased aggregate premium rate. A fairer estimate of the change over any period is obtained by dealing separately with the shorter- and longer-term business. This has been done for the years 1939 to 1945 by dealing separately with the one-year term experience and adjusting the longer-term experience to a one-year basis. The result is a change in the rate of premium for a one-year term per \$100 insured from 49 cents in 1939 to 46 cents in 1945 or, going back to 1922, from 92 cents.

The reduction in rate indicated by the foregoing is brought about, not by government regulation of rates, but by a healthy competition among different groups of insurers, although some underwriters viewing the present trend towards higher loss ratios and underwriting losses may question the healthiness of the rivalry which has brought about the lower scale of premiums.