

# INSURANCE COMPANY OF NORTH AMERICA

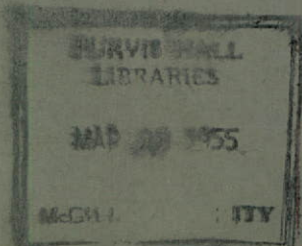
*and Affiliated Companies*


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## *163<sup>rd</sup> Annual Report*

for the year ending December 31, 1954





*163<sup>rd</sup> Annual Report*

for the year ending December 31, 1954

Philadelphia, Pennsylvania. U. S. A.

## **NORTH AMERICA COMPANIES**



**Insurance Company of North America**



**Philadelphia Fire and Marine Insurance Company**



**Indemnity Insurance Company of North America**

### **Automobile**

Fire, Theft, Collision

### **Casualty and Bonding**

Automobile Liability,  
Public Liability,  
Aircraft Liability,  
Workmen's Compensation,  
Fidelity Bonds, Surety Bonds,  
Accident and Health, Burglary

### **Fire**

Physical Damage and  
Loss of Earnings by Fire,  
Explosion, Wind and  
Other Perils

### **Marine**

Hulls and Cargoes,  
Inland Transportation,  
Furs, Fine Arts, Jewelry,  
Personal Property, Aircraft

The symbols above are used as a key  
to identify the Company or Companies  
referred to on each page of this report



## Directors

*First  
Elected*

- 1922 **CLARENCE M. BROWN**  
*Chairman of Board—Pittsburgh Plate Glass Co.*
- 1917 **JAMES D. WINSOR, JR.**  
*Partner—Yarnall Biddle & Co.*
- 1933 **MARTIN W. CLEMENT**  
*Director—Pennsylvania Railroad Co.*
- 1934 **GEORGE S. MUNSON**  
*Lawyer—Townsend, Elliott & Munson*
- 1936 **EDWARD HOPKINSON, JR.**  
*Partner—Drexel & Co.*
- 1936 **JAMES E. GOWEN**  
*Chairman of Board—Girard Trust  
Corn Exchange Bank*
- 1938 **HORACE P. LIVERSIDGE**  
*Chairman of Board—Philadelphia Electric  
Company*
- 1939 **J. HAMILTON CHESTON**  
*President—Philadelphia Saving Fund Society*
- 1940 **JOHN A. DIEMAND**  
*President*
- 1942 **DAVID E. WILLIAMS**  
*Chairman of Board—David E. Williams & Co.*
- 1943 **WILLIAM A. PATTERSON**  
*President—United Air Lines, Inc.*
- 1947 **REVELLE W. BROWN**  
*Chairman of Executive Committee—  
Reading Company*
- 1948 **CHARLES S. CHESTON**  
*Chairman of Finance Committee—  
Monsanto Chemical Co.*
- 1948 **LUDWIG C. LEWIS**  
*Vice-President—Insurance Company  
of North America*
- 1948 **HERBERT P. STELLWAGEN**  
*Executive Vice-President—Indemnity Insurance  
Company of North America*
- 1949 **C. JARED INGERSOLL**  
*Chairman of Board—Muskogee Company*
- 1952 **RICHARD SALTONSTALL**  
*Vice-President—State Street Investment  
Corporation*
- 1954 **JAMES M. SYMES**  
*President—Pennsylvania Railroad Company*

## Executive Committee

- CLARENCE M. BROWN**  
**JAMES D. WINSOR, JR.**  
**EDWARD HOPKINSON, JR.**  
**GEORGE S. MUNSON**  
**CHARLES S. CHESTON**  
**MARTIN W. CLEMENT**



## Officers

JOHN A. DIEMAND *President*  
 LUDWIG C. LEWIS *Vice-President*  
 BRADFORD SMITH, JR. *Vice-President*  
 PHILIP H. COONEY *Vice-President*  
 RICHARD G. OSGOOD *Vice-President*  
 HENRY W. FARNUM *Vice-President*  
 H. RICHARD HEILMAN *Vice-President*  
 CHARLES F. LITTLEPAGE *Vice-President*  
 V. I. G. PETERSEN *Vice-President*  
 JOHN A. DIEMAND, JR. *Vice-President*  
 J. KENTON EISENBREY *Secretary and Treasurer*  
 RUSSELL H. PETEFISH *Asst. Vice-President*  
 FRED C. CLEMENT, JR. *Asst. Vice-President*  
 JOSEPH W. HUGGINS *Asst. Vice-President*  
 THOMAS E. WALTON, JR. *Asst. Vice-President*  
 ROY H. STITT *Asst. Vice-President*  
 FRANK A. EGER *Comptroller*  
 ARTHUR T. MOYER *Fire Secretary*

FRANCIS A. LEWIS *Marine Secretary*  
 JOHN C. PHILLIPS *Claims Secretary*  
 CLAYTON B. WENTWORTH *Financial Secretary*  
 ALGERNON ROBERTS *Asst. Secretary and Asst. Treasurer*  
 LESTER J. STAUTS *Asst. Secretary and Asst. Treasurer*  
 F. CLINTON BIRD *Assistant Secretary*  
 CHARLES A. SANFORD *Assistant Secretary*  
 A. WESLEY BARTHELMES *Assistant Secretary*  
 JAMES H. CHENET *Assistant Secretary*  
 RICHARD E. FREEMAN *Assistant Secretary*  
 ALONZO L. TYLER *Assistant Secretary*  
 L. H. LONGLEY-COOK *Actuary*  
 J. WEIR SARGENT *Assistant Secretary*  
 JOSEPH S. SCHMIDT *Assistant Secretary*  
 JOHN B. WYATT *Assistant Secretary*  
 ALVIN S. ROBERTS *Assistant Secretary*  
 JOHN B. DAVIS *Assistant Secretary*  
 GEOFFREY STENGEL *Asst. Secretary and Asst. Treasurer*

H. C. MILLS *Resident Vice-President, Toronto, Canada*      F. F. OWEN *Resident Vice-President, San Francisco, Calif.*  
 H. C. THORN *Resident Vice-President, New York City*



## Officers

JOHN A. DIEMAND *President*  
 HERBERT P. STELLWAGEN *Executive Vice-President*  
 PATRICK F. BURKE *Vice-President*  
 JAMES M. CRAWFORD *Vice-President*  
 PHILIP H. COONEY *Vice-President*  
 REGINALD S. ROBINS *Vice-President*  
 ROY H. STITT *Asst. Vice-President*  
 CHARLES A. SANFORD *Asst. Vice-President*  
 JOHN A. DIEMAND, JR. *Asst. Vice-President*  
 FRANK A. EGER *Secretary and Comptroller*  
 J. KENTON EISENBREY *Treasurer and Asst. Secretary*  
 HORACE B. MONTGOMERY *Burglary Secretary*  
 W. EDGAR KIPP *Accident Secretary*  
 CHARLES J. HARE *Liability Secretary*  
 ROBERT S. GILLESPIE *Special Risks Secretary*  
 CLAYTON B. WENTWORTH *Financial Secretary*

ALGERNON ROBERTS *Asst. Secretary and Asst. Treasurer*  
 LESTER J. STAUTS *Asst. Secretary and Asst. Treasurer*  
 EDGAR W. MILLER *Assistant Secretary*  
 CARROLL W. LAIRD *Assistant Secretary*  
 ARNOLD F. BLISS *Assistant Secretary*  
 WILLIAM J. SCHIFF *Assistant Secretary*  
 H. WOODWARD CHILDS *Assistant Secretary*  
 ADELBERT W. MEINKE *Assistant Secretary*  
 JAMES H. CHENET *Assistant Secretary*  
 WARD L. BLOOMER *Assistant Secretary*  
 THOMAS W. DICKSON *Assistant Secretary*  
 HENRY C. BERTRAM *Assistant Secretary*  
 MALCOM L. HANSON *Assistant Secretary*  
 EDWIN H. MARSHALL *Assistant Secretary*  
 RICHARD E. MILLER *Assistant Secretary*  
 GEOFFREY STENGEL *Asst. Secretary and Asst. Treasurer*

H. C. MILLS *Resident Vice-President, Toronto, Canada*      F. F. OWEN *Resident Vice-President, San Francisco, Calif.*  
 FRANKLIN VANDERBILT *Resident Vice-President, New York City*



## NORTH AMERICA COMPANIES

	1954	1953	1952	1951	1950
<b>Underwriting</b>					
Premiums Written	\$250,778,650	\$238,510,626	\$226,861,320	\$203,504,885	\$176,393,914
Increase in Unearned Premium Reserve	-9,898,266	-12,364,987	-17,750,830	-18,564,506	-15,263,793
<b>Premiums Earned</b>	<b>240,880,384</b>	<b>226,145,639</b>	<b>209,110,490</b>	<b>184,940,379</b>	<b>161,130,121</b>
Claims and Claims Expense Incurred	138,785,147	123,806,237	113,957,654	106,337,016	83,479,925
Expenses and Taxes Incurred	94,839,958	90,041,995	84,133,814	76,624,778	69,204,074
<b>Total Claims and Expenses Incurred</b>	<b>233,625,105</b>	<b>213,848,232</b>	<b>198,091,468</b>	<b>182,961,794</b>	<b>152,683,999</b>
<b>Statutory Underwriting Profit</b>	<b>7,255,279</b>	<b>12,297,407</b>	<b>11,019,022</b>	<b>1,978,585</b>	<b>8,446,122</b>
<b>Financial</b>					
Interest, Dividends and Rents Earned	22,352,974	19,976,391	18,579,914	17,401,980	16,084,865
Investment and Real Estate Expense	1,468,714	1,256,088	1,064,654	1,028,378	931,492
<b>Investment Income</b>	<b>20,884,260</b>	<b>18,720,303</b>	<b>17,515,260</b>	<b>16,373,602</b>	<b>15,153,373</b>
<b>Gross Operating Income</b>	<b>28,139,539</b>	<b>31,017,710</b>	<b>28,534,282</b>	<b>18,352,187</b>	<b>23,599,495</b>
Federal Income Tax Accrued	6,959,000	8,895,000	8,240,000	3,315,000	5,533,556
<b>Net Operating Income</b>	<b>\$ 21,180,539</b>	<b>\$ 22,122,710</b>	<b>\$ 20,294,282</b>	<b>\$ 15,037,187</b>	<b>\$ 18,065,939</b>
<b>Assets</b>					
Cash	\$ 30,746,695	\$ 39,143,816	\$ 33,423,700	\$ 27,105,811	\$ 27,243,804
Premium Balances	50,626,624	42,024,764	37,993,087	32,211,375	28,643,640
Bonds and Stocks	628,582,224	502,707,971	487,742,263	433,759,352	380,024,360
Real Estate	9,630,804	8,679,717	6,138,130	5,511,013	5,593,507
Other Assets	6,880,225	6,006,253	5,386,389	5,419,326	3,140,926
<b>Total Assets</b>	<b>\$726,466,572</b>	<b>\$598,562,521</b>	<b>\$570,683,569</b>	<b>\$504,006,877</b>	<b>\$444,646,237</b>
<b>Liabilities</b>					
Reserve for Claims and Claims Expense	\$130,199,052	\$114,382,086	\$100,643,196	\$ 89,255,765	\$ 82,222,545
Unearned Premium Reserve	203,699,639	193,801,372	181,436,386	163,685,556	145,121,051
Other Liabilities	28,361,616	27,631,423	26,392,393	19,674,661	20,176,588
Reinsurance Fund	6,116,684	12,510,992	10,926,715	6,678,736	—
Reserve for General Contingencies	186,190,374	78,438,506	83,203,179	74,630,559	72,046,843
Capital	21,899,207	21,798,142	18,081,700	18,081,600	18,079,210
Surplus	150,000,000	150,000,000	150,000,000	132,000,000	107,000,000
<b>Total Liabilities</b>	<b>\$726,466,572</b>	<b>\$598,562,521</b>	<b>\$570,683,569</b>	<b>\$504,006,877</b>	<b>\$444,646,237</b>



## PRESIDENT'S LETTER

*To the Stockholders, Policyholders,  
Employees and Agents  
of the North America Companies*



Conclusive evidence of the value of a diversified multiple-line insurance operation, as typified by the North America Companies, was again demonstrated by our ability to absorb losses of approximately \$13,500,000 arising out of hurricanes Carol, Edna, and Hazel, and nevertheless show statutory earnings of \$21,180,000, after taxes, only \$942,000 less than for 1953.

While underwriting profits of the two Fire companies were severely curtailed by the hurricanes, the Indemnity Insurance Company of North America produced the best earnings—underwriting and investment—in its history.

The five-year comparison of insurance and financial results on the facing page reflects, in small measure, the

hectic progress of last year's underwriting activities, culminating in a very satisfactory over-all profit.

Premium writings of the Fire companies amounted to \$153,853,000, an increase of \$4,907,000, and the Indemnity Insurance Company of North America wrote \$96,926,000 of premiums, an increase of \$7,362,000. It is noteworthy that the combined premiums exceeded \$250,000,000 for the first time.

Combined statutory underwriting profits for the year were \$7,255,000, of which the Insurance Company of North America earned \$1,240,000; the Indemnity Insurance Company of North America, \$4,894,000; and the Philadelphia Fire and Marine Insurance Company, \$1,121,000.



The ratio of incurred losses to earned premiums for the North America was 57.4% ; for the Indemnity Company, 59.1% ; and for the Philadelphia Fire and Marine, 51.2% . Expense ratios to written premiums were: North America, 40.2% ; Indemnity Company, 34.16% ; and Philadelphia Fire and Marine, 39.72% .

The assets of the North America Companies are now \$726,466,000, an increase during the year of \$127,904,000, and policyholders' surplus (capital, stated surplus and voluntary reserves) amounted to \$364,206,000 at the close of the year, an increase of \$101,458,000 over December, 1953.

Of the total premium volume of the three Companies, over 21% , or \$53,600,000, involves the ownership and use of automobiles, and it is this division of the business which poses some of our major problems. As a whole, the automobile classification is now profitable, although the bodily injury portion is still in the red. Nevertheless, competition is exceedingly keen, caused principally by the activities of the direct writers (companies which do not sell and service their policies through independent agents as distinguished from salaried or sole agents), who are siphoning off an increasingly large percentage of premiums year after year. So far, no solution has appeared to meet this competition and to halt the accelerated attrition of this business. Also, the problem of compulsory automobile insurance is still with us, and we expect that the legislatures of several states will argue this problem during their 1955 sessions. We are still in complete opposition to compulsory automobile insurance, but the companies engaged in this business seemingly cannot come to a meeting of minds as to the application of the proper antidote.

Our Reinsurance Fund sustained its first and crucial test. After only three and one-half years' operation, the Fund sustained losses of \$6,394,000, solely from claims from the hurricanes Carol, Edna and Hazel. This Fund was established to limit the necessity of the Company's dependence on outside reinsurance. Taking into account the profits of previous years, the Fund, up to the close of 1954, has sustained a net loss over the three and one-half-year period of \$2,453,000. If we had negotiated treaties of reinsurance over this period with outside companies at prevailing rates, we would have

been compelled to pay many more millions of reinsurance premiums, so that on balance the wisdom of establishing this Fund has been justified. We are confident that in the future the Fund will be entirely restored and, in addition, should show a satisfactory profit.

In a previous report to stockholders, we commented on the retirement of the Companies from a number of insurance trade or rating organizations so that they could better serve their policyholders through greater freedom to improve on insurance protection and service. This freedom, however, is not easily acquired. Our competitors have inaugurated a series of delaying actions, but fortunately the New York Court of Appeals has to date sustained our interpretation of the law. This situation will be detailed in the General Review section of this Report.

Substantial progress was shown in 1954 by the six Processing Offices established to bring about a decentralization in handling and recording our business throughout the country. Following the purchase in 1953 of a suitable site at Macon, Georgia, ground was broken in July, 1954, for a building to house the staff which processes the business produced in the southeastern states. This will be of brick construction topped by a replica of the clock tower of Independence Hall, where the Charter of the Insurance Company of North America was signed in 1792. Flanking the main entrance will be fifteen marble columns commemorating the fifteen states which were members of the Union at the time of the Company's organization. We expect the building, which will contain about 90,000 square feet of usable space, to be completed and occupied in the fall of 1955. This will conclude the building program in connection with our decentralization program.

A small building was erected in Syracuse, New York, for use by the staff of the Service Office, which is responsible for the production and servicing of business in the Syracuse area.

It might be of interest to note that the real estate holdings of the Insurance Company of North America, including ownership of all of the shares of the Parkway Company, corporate owner of the Head Office building, now represent but 2.10% of the Company's total assets.

The Board of Directors enacted an amendment to the





Pension Plan effective January 1, 1955. The minimum pension was increased from \$780 per annum to \$1,080, provided that the payment from the Pension Fund and from Social Security Benefits, combined, are not in excess of the employee's final ten-year average salary. Again we point out that the Pension Plan is practically fully funded; the book value of its assets amounting to \$30,177,422 at the year-end.

The officers and principal managers are continuing to avail themselves of the Stock Option Incentive Plan established in 1951 with the approval of the stockholders. During the year, 20,213 shares of capital stock of the Insurance Company of North America were sold to participants.

Readers of this Report will note the substantial appreciation of \$93,600,000 in our investment portfolio during 1954, and an increase in the combined investment income to \$20,884,000, this being \$2,164,000 over the previous year's income. The Companies are fortunate, indeed, in having the seasoned judgment of the members of the Executive Committee who are constantly at work reviewing and appraising the portfolio in cooperation with our Investment Department. The over-all unrealized appreciation of better than \$200,000,000 in our securities is cause for congratulations to those responsible for this result.

The continuing interest of the Board of Directors in the affairs of the North America Companies was again exemplified in the April, 1954, inspection trip to New Orleans, Houston, Dallas, Fort Worth, Austin, and also Richmond, Ind. The sixteen directors who made the trip were privileged to meet the leading business men and insurance producers in the areas visited. The Companies have large investments in the industries of Louisiana and Texas, and first-hand information was obtained by the directors respecting these industries.

Our attention has been directed to Canada as a fertile field for future investment and business. The Board is planning an inspection trip to Canada's principal business centers in the near future. Certainly such interest merits the commendation of our stockholders.

The increase in the Companies' premium income to record-breaking levels again gives us the privilege of thanking our agents and brokers for their continued

confidence, particularly during this period when we are attempting to project independence of thought and action in the production of our premium account.

Stockholders of the Insurance Company of North America now number 15,396; may I, on behalf of the officers and directors, thank you all again for your continued support and approval of our activities.

The officers and the entire staff merit our deep gratitude for their contributions to the results for 1954. The forbearance exhibited by the employees in the Head Office during the upsets and inconveniences caused by the partial remodeling and complete air conditioning of the building has been remarkable and is worthy of particular mention.

Frequently we are asked if the business of insurance can be considered a "growth" industry. Our inevitable reply is yes. No one contemplating our country's progress in an electronic and atomic era, with new industrial construction, home and road building, coupled with the increased purchasing power of a growing population (all adding up to larger insurable values—more people and things to insure), can see anything ahead but a tremendous increase in insurance premiums. Whether the major portion of this increase in premiums comes to the stock companies depends upon their attitude and their determination to compete with direct writers to provide insurance coverage at the lowest possible rates to meet the needs of the public.

The elections in November, 1954, brought about changes of Insurance Commissioners in a number of states, notably the important ones, insurance-wise, of California, Connecticut, New Jersey, New York and Pennsylvania. What the result of these changes will be cannot be foretold. Whether the new commissioners will advocate more regulation or favor more competition remains to be seen. Whatever course is taken will have its effect on policyholders. Another year must pass before we can report the results of these new appointments.

*President*



## GENERAL REVIEW

**Employees.** During 1954 the business of the North America Companies continued to increase. As a result, the number of employees and also payrolls continued their upward trends.

At the end of the year, employees in offices located in the United States totaled 6,575, this number being 458 in excess of the number employed at the close of the previous year. Employees in Canada and other foreign countries throughout the world came to 622 in 1954 as against 564 on the previous December 31st.

Salary payments were \$26,281,000, an increase of some \$2,500,000 for the year. As has been done for the last few years, the Board of Directors authorized the payment of Special Additional Compensation of 5% of 1954 salary, and also a Cost-of-Living allowance of 5% to employees with three years of service, both being payable in January, 1955. In addition to direct salary payments, \$2,142,000 was disbursed under the general heading of Employee Benefits, the largest portion of which was represented by the contribution to the Pension Fund of \$1,200,000.

Another sizable payment in the category of Employee Benefits is represented by the net premium of \$138,000 paid to provide group life insurance coverage, in amounts ranging from \$1,000 to \$5,000, for employees who have completed one year's service. Insurance in force under the Group Life policy was \$17,794,000 at the year-end, this affording protection to 5,522 men and women of the staff. Twenty-two death claims were paid to beneficiaries of deceased employees in the amount of \$83,000.

The North America Companies Association is the organization, sponsored and largely supported by the Companies, which provides for employee activities and recreation in the Head Office area. At the year-end there were 2,637 members of this Association, and the estimated attendance at picnics, dances, and athletic events held at Eagle Lodge, the recreation center, was over 31,000.

An additional form of Employee Benefit is the Quarter Century Club, whose membership showed a gain of 70 men and women who completed during 1954 twenty-five years of service with one of the Companies. This brought the membership total at the close of the year to

711. Three regional dinners are held annually as the principal activity of this organization, and at the December, 1954, dinners in Philadelphia, Chicago and San Francisco, over 87% of the members were on hand.

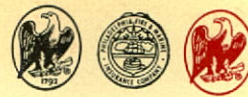
**Training Program.** The year 1954 saw the 1000th agent of the North America Companies graduate from the Home Office School. Since 1947, when this facility was first offered, these men and women have traveled to Philadelphia at their own expense for formal schooling in all forms of property and casualty insurance, not only from all over the United States and Canada, but also from many other parts of the globe, such as Africa, Alaska, Cuba, Europe, the Philippine Islands, Republic of Panama, Singapore and South America.

The Training Program also embraces employees, and approximately ten percent of them continue active each year on a voluntary basis, taking Company correspondence courses in insurance. In 1954 alone, eight hundred certificates for course completions were awarded and over ten thousand papers were submitted for grading. All this means that, with the passage of time, more and more of our employees have been helped by correspondence course facilities to render the type of service our agents and assureds require.

In addition to voluntary participants in insurance education, some 140 employees have taken correspondence courses and attended formal classes on a directed basis during 1954. Included among them are special agents, technical representatives, claims men and underwriters. Since the close of World War II, over 700 employees have had benefit of such directed training.

**Business Development Department.** The Business Development Department is the general sales department of the North America Companies. Its primary responsibility is the supervision of the Service Office organization through which the facilities of the Companies are offered to the public through more than 20,000 agents and brokers in the United States and Canada. Typical of any sales organization, the Department is concerned with agency relations; product merchandising; recruiting, training and assignment of production personnel.

During 1954, new Service Offices were opened at



Charlotte, N. C., and at Jacksonville, Fla. The Service Office headquartered at Orlando, Fla., was moved to Tampa, with the office at Orlando becoming a Field Office operating thereunder. The economic and population growth in the South makes the expansion of our facilities in that section of the country most important. These new offices make a total of ninety-four Service and Field Offices throughout the United States and Canada, bringing the Companies' facilities within immediate reach of the agents and the public they serve.

The field staff was increased by the employment and training of additional personnel, thus increasing the value of the Service and Field Offices to our agents. This staff participated in several large-scale and highly successful sales promotion programs during the year. Aviation insurance, Homeowners Policies, and Group Accident coverage were emphasized and each resulted in a further spread of the knowledge of our special facilities and increased production in important classes.

Production quotas and planning for 1955 anticipate good general business conditions conducive to continuing growth in premiums written. Competition will be increasingly keen, promising a challenging year.

**Pension Plan.** Thirty employees retired under the provisions of the Pension Plan and five pensioners died during 1954, and at the end of the year 141 men and women were drawing life pensions. Payments to pensioners aggregated \$278,000 in the past year.

A significant amendment to the Pension Plan, as authorized by its terms, was enacted by the Board of Directors, effective Jan. 1, 1955. The general effect of this amendment is to increase the minimum payment from the Trust Fund to \$1,080 a year. When the present Pension Plan was established in 1943, salary levels were considerably lower and likewise the costs of food, clothing and housing for a pensioner. The minimum pension payment from the Trust Fund was fixed at \$780 per annum in 1943, and, in the light of present-day living costs, this figure had become unrealistic. Consequently, the minimum annual pension was increased to \$1,080 per annum, provided that the pension payment from the Trust Fund, combined with Social Security Benefits, does not exceed the final 10-year average salary of the

employee. Those whose final 10-year average salaries range up to \$3,300 per annum will receive the maximum benefit from this amendment. No additional costs for past service liabilities were incurred, because the amendment of the Social Security Act in 1954 brought about a release of liability under the Pension Plan which offset the added past service liabilities arising out of the increased minimum pension.

The several North America Companies contributed an aggregate of \$1,200,000 to the Trust Fund in 1954, this being the sum recommended in the Actuary's report of liabilities. At the close of the year the assets of the Trust Fund, at book values of securities, including cash and accrued interest, were \$30,177,422 and were practically in balance with the actuarial statement of liabilities.

The several classes of securities comprising the Fund are shown below at book and market values on December 31, 1954:

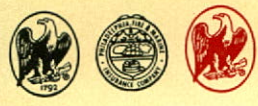
	Book Value	Market Value
Government Bonds . . . .	\$ 3,087,125.47	\$ 3,059,500.00
Other Bonds . . . . .	18,513,633.91	18,618,591.20
Preferred Stocks . . . . .	3,562,205.56	3,570,400.00
Common Stocks . . . . .	3,721,067.29	9,810,688.00
Total . . . . .	<u>\$28,884,032.23</u>	<u>\$35,059,179.20</u>

The Trust assets are completely segregated from the assets of the three insurance companies and are administered by eight trustees who are directors of the Insurance Company of North America but who are not eligible to receive pensions. These assets are held in trust solely for the benefit of present and future pensioners, in the custody of a trust company in Philadelphia.

**Capital Stock and Dividends.** There were 4,359,628 shares of capital stock of the par value of \$5 outstanding at the first of the year and 20,213 shares were issued to participants in the Stock Option Incentive Plan, bringing the capital to 4,379,841 shares at Dec. 31, 1954.

Stockholder accounts increased during 1954 by 428, so that at the close of the year the Company's shares were owned by 15,396 holders.

Four quarterly dividends were paid on February 1 and April, July and October 15, aggregating \$2.50 per share for the year. The total amount disbursed as dividends was \$10,910,332.



The Insurance Company of North America is the owner of all of the outstanding shares, except for qualifying shares held by the Directors, of its two insurance subsidiaries as follows:

Subsidiary	Shares	Cost	Carried at*
Indemnity Insurance Co. of North America	49,982	\$ 7,007,736.21	\$ 76,160,999.52
Philadelphia Fire and Marine Insurance Co.	49,982	23,637,043.80	49,449,352.07
		\$30,644,780.01	\$125,610,351.59

\* Each subsidiary's capital, surplus and voluntary reserves based on market values of its securities, divided by share capitalization and multiplied by shares owned by Insurance Company of North America.

**Official Changes.** At a meeting of the Board of Directors shortly after the close of 1954, Roy H. Stitt, Assistant Vice-President, was promoted to the position of Vice-President of the Insurance Company of North America, the Philadelphia Fire and Marine Insurance Company, and the Indemnity Insurance Company of North America. In his new capacity, Mr. Stitt will have supervision over the Claim and Loss Organization of the Companies.

The Directors also elected to the position of Assistant Secretary of the Insurance Company of North America and the Philadelphia Fire and Marine Insurance Company the following: William A. Francis, Myron W. Davenport, John Armstrong, Jr., Louis O. Thames, Warren E. Taylor and Charles K. Cox.

In addition, Marshall I. Groff was elected Assistant Secretary of the Indemnity Insurance Company of North America.

**Litigation.** In 1953 we came to the conclusion that the Companies must become independent of rating organizations, with respect to the more sought-after classes of business. Our purpose was to deal more effectively with competitive abuses which are not in the public interest. A direct result is a stronger position for our agents and ourselves through lower costs and improved policy forms and methods. Our independent rates for fire insurance on dwellings became effective in 28 states in 1954, and in five of them a simplified dwelling policy and rating plan was introduced with savings to policyholders of about 10% in premium costs.

Our independence was challenged this year by the

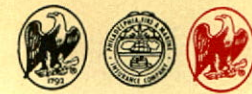
New York Fire Insurance Rating Organization. This body filed an appeal with the New York Insurance Department claiming that they were aggrieved and would suffer irreparable damage as the result of our action in withdrawing their authority to make and file dwelling rates on our behalf. The Superintendent granted them a hearing, in the course of which he narrowed the issue to these questions: first, does an insurer have the right to subscribe to less than all of the rating services of the Bureau, or in other words, to be a partial subscriber to their services; and second, if an insurer has the right to partial subscribership to the Bureau services, does it have the right to make an independent filing of rates and forms identical to those which the Bureau had previously filed in its behalf.

In September the Superintendent handed down an order affirming our rights on both points. We immediately filed our new simplified dwelling policy and rating plan in place of the filing which was identical to the Bureau's. It was approved by the Superintendent.

The Rating Organization thereupon went before the Appellate Division of the Supreme Court of New York and obtained a temporary stay against the Superintendent's order pending the outcome of their appeal to the Court. The Court considered the matter promptly and unanimously affirmed the Superintendent's order without comment.

This had the effect of vacating the stay and we at once re-activated the sale of our new policy form and rating plan. The Rating Organization petitioned the Court of Appeals for another temporary stay, but it was denied, as was their application for a review of the decision of the lower Court. The petitioners are now seeking a review of the Court's decision on other grounds.

**Properties.** Over the past year, additional investments in land and in buildings to house the operations of the Companies aggregated \$1,318,000. All buildings, mentioned in the 1953 Annual Report as being in course of construction or renovation, were completed with the exception of the Macon, Georgia, Processing Office building for which ground was broken in July 1954. An acquisition during the year at a cost of \$113,000 was a building in The Hague, Holland, which, when



renovated and occupied during 1955, will be the focal point for production and claims for Europe and the British Isles.

At the close of the year, the Company's directly owned properties were carried on the books at a depreciated value of \$9,630,804.

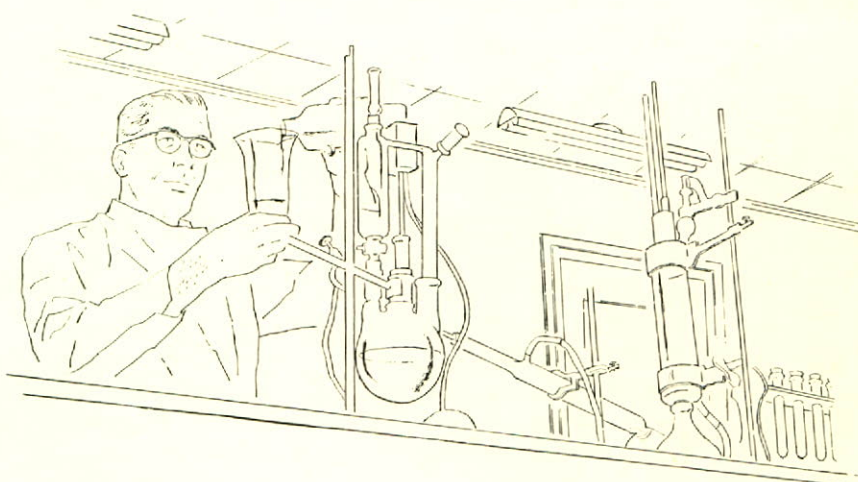
The Head Office building in Philadelphia is owned by the Parkway Company, all of whose capital stock is held by the Insurance Company of North America. Major changes are being made, including the installation of three new floors, with some 30,000 square feet of excellent working space, above the original main floor which was initially constructed with a fifty-two-foot ceiling. In addition, the entire building is being air-conditioned, and new lighting installed on several floors. The entire program, estimated to cost \$3,625,000, will be completed by this coming summer.

**Accident Prevention and Loss Control.** The prevention of accidents and the control of losses are recognized responsibilities of the insurance business. The North America Companies have accepted those responsibilities by providing their policyholders with a well-rounded service of loss and accident prevention.

Two hundred Safety Specialists, in fifty-five offices throughout the United States, are constantly at work discovering, eliminating or minimizing causes of accidents inherent in the casualty operations insured by the Companies. In addition to the general services provided by this group, specialized services are available through men trained in specific industries and operations. Through formal training courses, individual members of the staff have achieved particular competence in such fields as industrial hygiene and toxicology, industrial noise, atomic energy, oil refining, gas transmission and distribution, and heavy construction. Whenever unusual problems arise in any field, they are assigned to specialists best qualified to handle them.

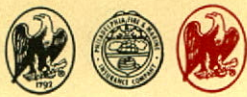
Within recent years, a well-equipped laboratory was established at the Head Office. Some time ago many expensive but extremely useful instruments were added, including noise meters and analyzers, geiger counters and other equipment to measure radiation, instruments to determine shock wave as in blasting and pile driving,

a machine for comparing the slipperiness of waxes and other floor finishes, and a great variety of equipment used for measuring corrosive, combustible and toxic contaminants in air. As our insureds learn about these facilities, we receive frequent calls for assistance.



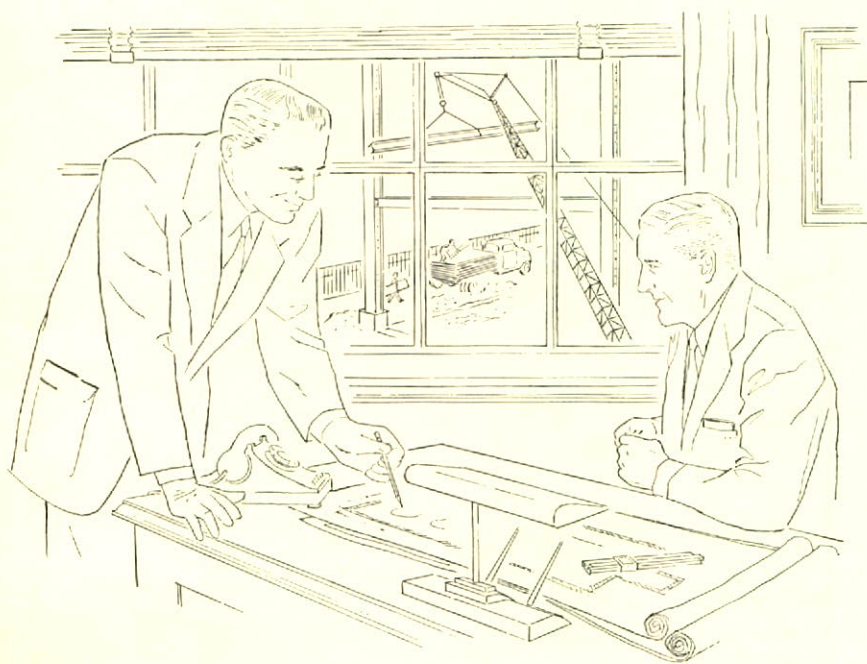
In the area of fire insurance, the Companies employ a staff of over eighty Technical Representatives who are qualified to deal with safeguards to prevent loss of life by fire, the reduction and control of fire hazards, installation of automatic fire extinguishing systems, restriction of fire spread, installation of fire detection devices, organization and training of personnel for fire protection, and measures to minimize loss after a fire.

The rapid evolution of new industrial methods, chemical processes and products, as well as changes in construction techniques, all produce a variety of additional hazards calling not only for a reappraisal of existing methods to prevent loss, but the development of new as well. Several instances requiring new methods of isolating, protecting or extinguishing fire are the industrial use of temperatures ranging from 300° below to 10,000° above zero, the use of gases so hot they will burn glass, asbestos and steel, and the development of atomic power. Among the latest fire protection developments are automatic detection by photo-



electric cells, extinguishing by "wet water," or cooling below ignition temperature by a fog spray instead of a stream of water and the use of fire-resistive paints.

North America Companies' specialists inspect over 10,000 properties a year to bring to light newly created hazards as well as old, and to seek the most modern and efficient means to safeguard against them.



A Marine Service Department was inaugurated thirty years ago to serve ocean cargo policyholders, and was later expanded to offer loss prevention service to certain inland marine risks. Today its staff includes technical experts in fields relating to land, sea, and air transportation. These specialists, including former Merchant Marine officers, are skilled in the latest cargo packing, marking, preservation, and unitizing techniques.

The variety of problems faced is endless. There were packing and preservation problems to be solved for the multimillion-dollar movement of a complete aluminum fabricating plant which was dismantled and shipped to Manila. Opportunity to aid the age of automation arose out of the delicate job of packing a huge and partly

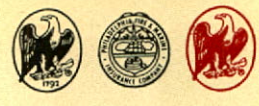
disassembled "mechanical brain" for shipment across the continent. There is also constant supervision during and after discharge from carriers of certain shipments of whiskey, watches, perfumes and similar commodities which are targets for thieves.

Inland Marine specialists regularly inspect truck terminals, laundries, dry cleaning plants and other storage locations to check on fire, theft and burglary protection, recommending safeguards where they are found missing. They also contribute to the advancement of industry packaging, preservation, and materials handling standards through active participation in technical and research organizations.

**Claim and Loss Organization.** The policies issued by the North America Companies are promises to pay or to perform under the circumstances described in those policies. Every policyholder is therefore concerned with the nature and extent of the organization available for the carrying out of those promises.

The Companies' claim organization is large in numbers and world-wide in scope. It consists of 1,175 full-time employees located in the field and in the Head Office. In fifty-two principal cities of the United States, and also in Toronto, London, The Hague, and Frankfurt, Germany, are Claim and Loss units headed by a Manager with a staff capable of discharging all of the Companies' policy obligations. In addition, claims service is provided in thirty-nine cities where Resident Adjusters are headquartered.

During the year, 177 employees were added to the Claim and Loss staff in pursuance of a policy of adjusting losses of our policyholders with our own trained people. Traditionally, property losses under fire and marine policies have been settled by adjusting agencies, while claims covered under policies of the casualty division have been handled by staff personnel. The underwriting of multiple coverage policies, such as the Homeowners form, embracing fire, marine and casualty coverage in a single policy, coupled with a program to render a superior personalized service to claimants, created the foundation for expansion of the claims staff. Ultimately, we expect to handle the adjustment of practically all claims, except for those in which we are participants



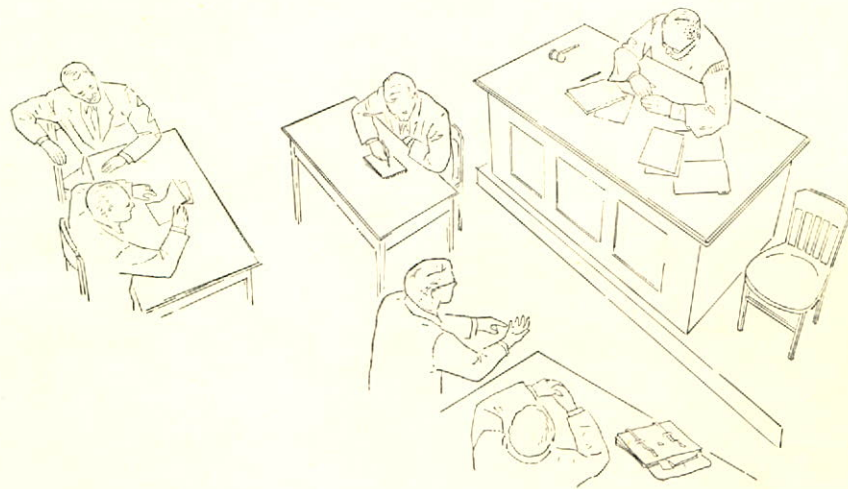
with other insurance companies, by staff representatives.

The year 1954 produced the largest number of property losses (fire, marine, automobile physical damage) ever experienced in a single year. While many of the fire and marine losses were handled by adjusting agencies, substantially all of the 86,800 automobile property losses were dealt with by staff personnel. The three East Coast hurricanes contributed materially to the larger number of property losses. It is expected that the number of windstorm claims from the three occurrences will exceed 70,000, a larger number than in other previous catastrophes. Our adjusting staffs in the 14 states affected by these storms were augmented by personnel from offices in the Mid-West, Southwest, and Pacific Coast Areas, in order to settle expeditiously the losses to which our policyholders had been subjected.

The majority of claims in the casualty field stem from the underwriting of liability insurance. The function of liability insurance, whether it be automobile, aviation, products, or general liability, is to protect against financial loss or expense growing out of claims for damages asserted against the policyholder. In 1954, under the several classifications, 185,900 accidents or events were reported. Approximately one-third involved simple traffic accidents, or minor events resulting in inconsequential damage, and requiring little or no investigation. The remainder, embracing claims for death, bodily injury and major damage to property, required penetrating investigation, including the collection of material for evidence and the assembly of supporting material such as photographs, surveys or maps.

The policy of the Companies is to effect settlement of meritorious claims promptly and fairly. However, when claims are overvalued by the claimant or when the policyholder is not legally responsible for the claim made against him, it is the established policy of the Companies to resist such claims even though the cost of defense may exceed the sum for which settlement might be made. Consequently, in addition to the investigation and adjustment services available to policyholders, a legal service has been established on a national basis. Some 820 attorneys have been appointed in every area of concentrated population to represent the Companies where suits arise under liability policies. In 1954

the Companies assumed the responsibility for the defense of 10,680 suits against policyholders. Only a small percent of these are tried through to a conclusion, most being dismissed or discontinued for various reasons, or settlement effected prior to trial.



Claims under policies of Workmen's Compensation insurance increased in 1954, but the increase was somewhat less than the increase in underwriting exposure measured by earned premium. Industrial accidents reported under employers' liability, occupational disease and compensation coverage totaled 72,130. The obligation of the employer to pay compensation benefits continues to enlarge as judicial decisions broaden the scope of the various compensation laws.

While all policyholders have an interest in the scope and character of their company's claims organization, a special interest is displayed by distributors and manufacturers of nationally sold products. The growing tendency to assert claims for bodily injury arising out of the use, handling, or consumption of products has caused these classes of policyholders to display as much interest in the size and quality of the claim organization as in the quality of the financial protection afforded by the insurance contract.



**Signal Honors.** On Washington's Birthday, Freedoms Foundation, Valley Forge, Pa., announced that the Companies' advertising had been awarded the George Washington Honor Medal for contributions "to a better understanding of the American Way of Life during 1954." During Printing Week a brochure containing the advertisements shown on this page was awarded "The Best of the Year" Benjamin Franklin Gold Medal.

**Advertising.** The 1954 institutional advertising program of the North America Companies produced a remarkable response.

Reproduced here are four advertisements of our institutional series that were published separately in *Life*, *Look*, *Collier's* and *The Saturday Evening Post*, and as a summary six-page advertisement in *Newsweek* magazine, both domestic and foreign editions.

The purpose of this program was three-fold:

1. To paint the background—against America's heritage—of our moves toward independence in the property insurance business.
2. To go on record with our aims to the American public and opinion-forming people everywhere.
3. To identify the North America Companies to the American public as a business "personality" serving in the public interest.

The response to this advertising and to distribution of thousands of reprints, both in the United States and abroad, has been gratifying. The U. S. Information Service (The Voice of America) requested 25,000 reprints for world-wide distribution. Leading publishers of history books (Harcourt, Brace and Houghton Mifflin—to name only two) requested permission to reproduce the illustrations in texts that they are printing. So did the National Education Association, The Grade School Teacher, and many others.

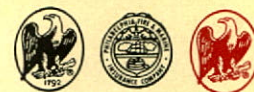
Letters from the White House, Cabinet, Supreme Court, Senate, and House of Representatives lauded the series. Many other commendations were received from governors of the states and territories, insurance commissioners, and hundreds of leaders in education. One of these government leaders, for example, said our series ". . . conveys a warm message to all of us who have America's interest at heart, and who feel that the principles which make America great need to be emphasized in order that their reality may be preserved." School superintendents and teachers by the hundreds expressed the same thought, in different words.

The program contributed greatly to the prestige of the Companies and to the success of other sales and advertising programs during the year. The outpouring of good will from thousands of citizens is of incalculable value to us as we move ahead to serve the public.



*Reprints of the illustrations, suitable for framing, are available upon request to the Advertising Department, Head Office.*





## EIGHT-YEAR REVIEW

(In Millions of Dollars)	1954	1953	1952	1951	1950	1949	1948	1947
<b>North America Companies</b>								
Premiums Written	251	239	227	203	176	164	159	140
Premiums Earned	241	226	209	185	161	152	142	112
Claims and Expenses Incurred	234	214	198	183	153	134	136	121
Underwriting Income or (Loss)	7.3	12.3	11.0	2.0	8.4	17.5	6.6	(8.8)
Investment Income	20.9	18.7	17.5	16.4	15.2	12.2	10.4	9.3
Operating Income	28.1	31.0	28.5	18.4	23.6	29.7	17.1	.5
Federal Income Tax	6.9	8.9	8.2	3.3	5.5	8.0	3.8	.1
Statutory Net Operating Income	21.2	22.1	20.3	15.1	18.1	21.7	13.3	.4
<b>Assets</b>								
Assets	726	599	571	504	444	387	334	298
Securities Owned at Market Values	629	503	488	434	380	330	278	244
Policyholders' Surplus	364	262	262	231	197	163	129	122
<b>Reserves for Claims</b>								
Reserves for Claims	130	114	101	89	82	72	70	63
Unearned Premium Reserves	204	194	181	164	145	130	117	101
<b>Salaries and Employee Benefits (In Millions)</b>								
Salaries and Employee Benefits (In Millions)	28.4	25.8	21.7	20.1	18.9	17.5	15.3	14.3
<b>Number of Employees (In Thousands)</b>								
Number of Employees (In Thousands)	7.2	6.7	6.0	5.7	5.5	5.5	5.1	4.7

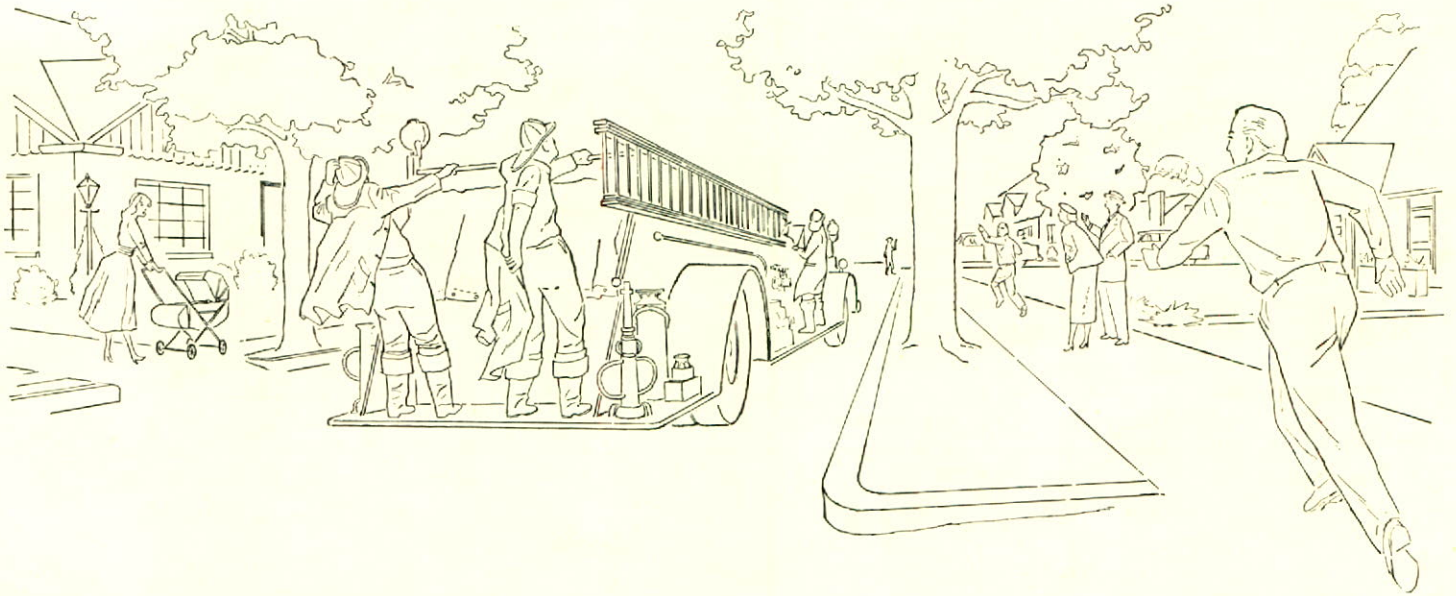
### Insurance Company of North America

Number of Stockholders (In Thousands)	15.4	15.0	14.1	14.2	14.4	14.0	13.9	14.2	
Outstanding Shares of Stocks (In Millions)	4.4	4.4	3.6	3.6	1.8	1.8	1.5	1.5	
Combined Statutory Earnings Per Share of Ins. Co. of N. A.*	before Fed. Taxes	\$6.42	\$7.11	\$6.55	\$4.17	\$5.37	\$6.89	\$3.96	\$0.12
	after Fed. Taxes	\$4.84	\$5.07	\$4.66	\$3.41	\$4.10	\$5.05	\$3.07	\$0.09
Dividends Paid in Dollars per Share*	\$2.50	\$2.29	\$2.08	\$1.67	\$2.08	\$1.22	\$1.04	\$1.04	
Market Prices Annually*	High	107½	83¾	78¼	62½	56¼	47	38¼	34¾
	Low	83	64½	58¼	52	41¼	34¼	32¼	29¾

\* Adjusted to reflect Capital increases.



## DEPARTMENTAL REVIEW



**Fire.** The year proved to be an eventful one for the Fire Department. Premiums written reached a record total of \$77,048,000, this being an increase of \$5,276,000, or approximately 7.35% over the 1953 premium income of \$71,772,000. After adding \$8,381,000 to the Unearned Premium Reserve, the operations of the Department produced Earned Premiums of \$68,667,000. Claims and Claims Expense Incurred amounting to \$34,956,000, plus Underwriting Expenses Incurred of \$32,260,000, totaled \$67,216,000, leaving a Statutory Underwriting Profit of \$1,451,000.

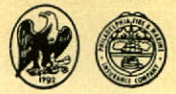
The ratio of Expenses Incurred to Premiums Written was 41.9%, which is just one-tenth of one percent higher than the 1953 ratio. Underwriting Expenses are still being affected by the initial costs of establishing six regional Processing Offices, all of which are now in operation. In these Processing Offices, new and renewal insurance contracts are examined, billed, and recorded.

The ratio of Claims Incurred to Premiums Earned was 50.9%, which compares favorably with the 1953 ratio of 50.1%. It should be noted, however, that owing almost entirely to the extensive losses suffered in the hurricanes of this fall, the Department recovered from the Reinsurance Fund approximately \$4,200,000 more than the premiums it paid into the Fund this year. In other years the balance has been in favor of the Fund,

to the extent of \$1,400,000. Rates are being adjusted and, in due course, it will be made "whole" again.

Fire insurance alone turned out to be quite profitable in 1954 in spite of a series of rate reductions in over 20 states. Our largest individual claim payment was due to an unusually severe fire at the American Distilling Company Plant at Pekin, Illinois. The Companies' share of this loss was \$247,675. Last fall, the Middle Atlantic States and New England had the misfortune of being visited by three tropical hurricanes, Carol, Edna, and Hazel, within a period of 45 days. By the end of the year, we had claims reported totaling over \$7,000,000 in the Fire Department alone. As this Report goes to press, claims are still being reported at the rate of about 1,000 per week, and it appears that the total number may exceed 70,000. Some rate adjustments have already taken place as the result of these storms and others must follow. The experience of recent years has shown rather conclusively that no area in the United States is immune from the destructive force of windstorms and hailstorms. We believe that Rate Regulatory authorities of any single state must give more consideration to the storm experience in adjoining areas when examining rate levels for their reasonableness and adequacy.

The popularity of our Multiple-Line Homeowners policy continued to grow and resulted in very substan-



tial premium writings for the year. The Homeowners form is now approved in thirty-two states, but must await modernization of the laws before it can be introduced in the balance of the states. We have also introduced a new form of Homeowners policy which is

written to cover all risks with the exception of losses arising out of inherent vice, natural wear and tear, etc. This policy has been approved for sale in twenty-eight states. It has been received with unusual enthusiasm, and promises to be an important addition to our business.

	1954	1953	1952	1951	1950	
<b>Summary of Operations</b>	Premiums Written	\$77,048,056	\$71,771,914	\$74,019,229	\$71,191,885	\$61,570,389
	Premium Reserve Change	-8,380,929	-4,417,347	-8,490,405	-10,592,477	-8,360,117
	<b>Premiums Earned</b>	<b>68,667,127</b>	<b>67,354,567</b>	<b>65,528,824</b>	<b>60,599,408</b>	<b>53,210,272</b>
	Claims Incurred	34,956,090	33,772,360	31,102,341	32,542,796	26,215,881
	Underwriting Expenses Incurred	32,259,801	30,005,081	29,544,788	28,239,045	25,132,964
	<b>Claims and Expenses Incurred</b>	<b>67,215,891</b>	<b>63,777,441</b>	<b>60,647,129</b>	<b>60,781,841</b>	<b>51,348,845</b>
<b>Statutory Underwriting Profit</b>	<b>1,451,236</b>	<b>3,577,126</b>	<b>4,881,695</b>	<b>-182,433</b>	<b>1,861,427</b>	
<b>Ratios</b>	<b>Claims Incurred to Premiums Earned</b>	<b>50.9%</b>	<b>50.1%</b>	<b>47.5%</b>	<b>53.7%</b>	<b>49.3%</b>
	<b>Expenses Incurred to Premiums Written</b>	<b>41.9%</b>	<b>41.8%</b>	<b>39.9%</b>	<b>39.7%</b>	<b>40.8%</b>
		<b>92.8%</b>	<b>91.9%</b>	<b>87.4%</b>	<b>93.4%</b>	<b>90.1%</b>

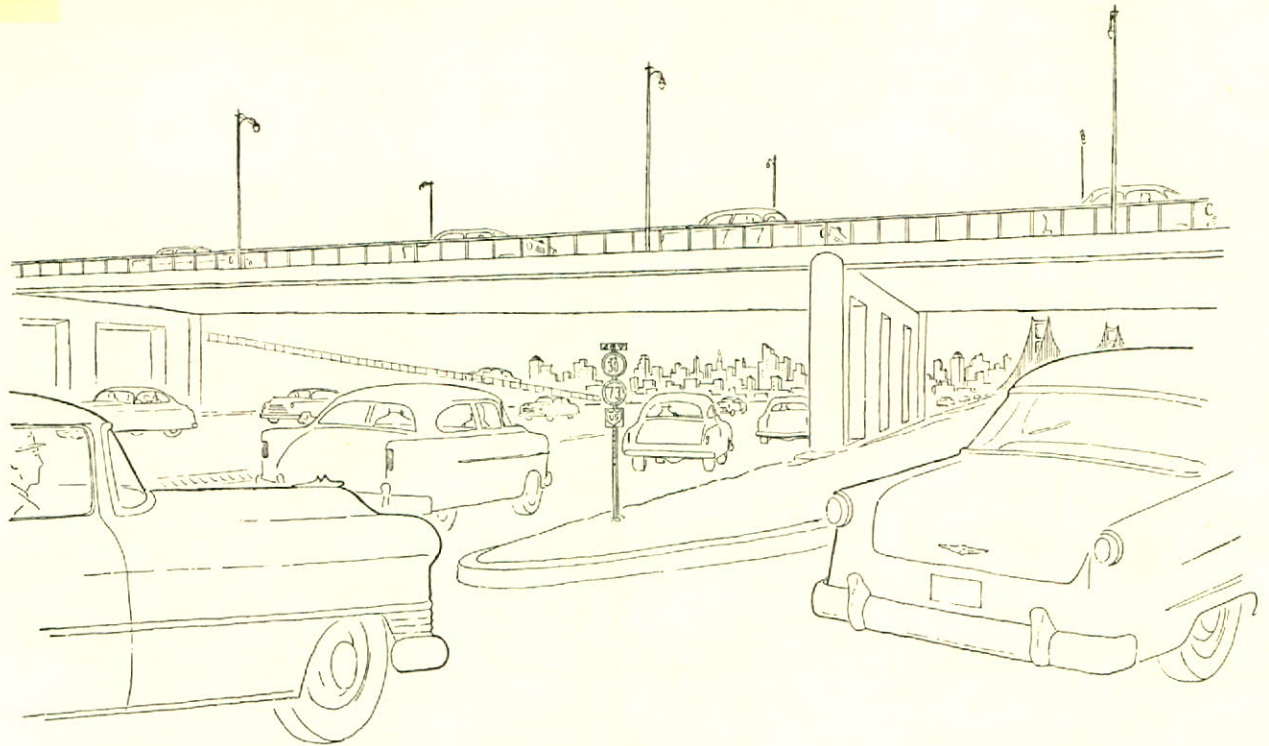
**Treaty Reinsurance Department.** Throughout the year, the Treaty Reinsurance Department has continued its program of diversification. Large and potentially unprofitable accounts ceded by other insurance companies have been reduced or eliminated altogether, and an intensive effort has been made to develop a greater number of reinsurances with smaller companies. Largely as the result of this review of our accounts, written premiums of \$21,179,000 recorded for 1954 were \$869,000 below the writings of 1953. New treaty accounts acquired during the year give this Department a diversified portfolio protecting companies in forty-five countries.

The series of tropical hurricanes which struck the East Coast of the United States in the autumn of 1954 had a substantial effect on the year's results. Many of the reinsured companies were heavily involved, and the Insurance Company of North America, as reinsurer,

was called upon to pay large losses under catastrophe covers and other reinsurances protecting ceding companies. Reinsurance losses incurred as a result of these windstorms amounted to over \$4,500,000. Despite this heavy loss, the Treaty Reinsurance Department produced an underwriting profit of \$2,499,000. This record again demonstrates the soundness of diversification by territory and class of business.

The large losses passed on to reinsurers as a result of the 1954 hurricanes have caused the world reinsurance market to contract appreciably. Because of this stringency, the North America Companies are in an excellent position to expand Treaty Reinsurance operations under favorable conditions. It is anticipated that this circumstance will be reflected in a growing volume throughout the coming year from reinsurances accepted from foreign and domestic companies.

	1954	1953	1952	1951	1950	
<b>Summary of Operations</b>	Premiums Written	\$21,179,541	\$22,048,543	\$28,461,777	\$28,318,934	\$23,423,008
	Premium Reserve Change	+3,438,156	+3,174,837	-135,892	-3,710,330	-3,634,017
	<b>Premiums Earned</b>	<b>24,617,697</b>	<b>25,223,380</b>	<b>28,325,885</b>	<b>24,608,604</b>	<b>19,788,991</b>
	Claims Incurred	14,014,256	13,054,715	13,566,109	14,700,083	11,361,690
	Underwriting Expenses Incurred	411,159	408,864	383,173	377,898	344,678
	Allowance to Reassured	7,693,137	8,543,927	10,778,085	10,249,821	8,842,500
<b>Claims and Expenses Incurred</b>	<b>22,118,552</b>	<b>22,007,506</b>	<b>24,727,367</b>	<b>25,327,802</b>	<b>20,548,868</b>	
<b>Statutory Underwriting Profit</b>	<b>2,499,145</b>	<b>3,215,874</b>	<b>3,598,518</b>	<b>-719,198</b>	<b>-759,877</b>	
<b>Ratios</b>	<b>Claims Incurred to Premiums Earned</b>	<b>56.9%</b>	<b>51.8%</b>	<b>47.9%</b>	<b>59.7%</b>	<b>57.4%</b>
	<b>Expenses Incurred to Premiums Written</b>	<b>38.3%</b>	<b>40.6%</b>	<b>39.2%</b>	<b>37.5%</b>	<b>39.2%</b>
		<b>95.2%</b>	<b>92.4%</b>	<b>87.1%</b>	<b>97.2%</b>	<b>96.6%</b>



**Automobile.** Automobile premiums written by the Companies, excluding Indemnity Insurance Company of North America, amounted to \$17,310,000 during 1954, a 4.7% decrease under the \$18,155,000 of premium writings shown for the preceding year.

The Physical Damage lines (fire, theft, collision, wind-storm, flood, etc.) accounted for a premium volume of \$13,080,000, this representing a decrease of 9.3%. However, the all-inclusive automobile policies issued under Automobile Multiple-Line procedures, in our fifth full year of such operation, produced \$4,229,000 in bodily injury and property damage premiums, higher by 13.2% than 1953 premiums.

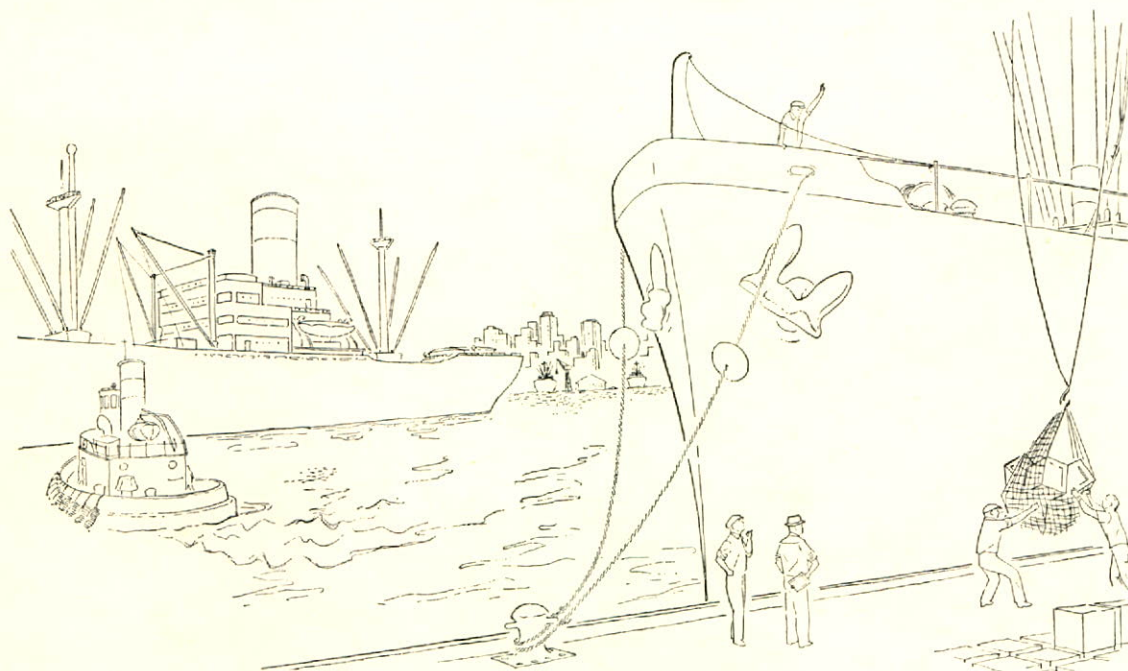
The Physical Damage business produced a profit despite the claims arising out of damage to cars during hurricanes Carol and Hazel, under which claims of \$310,000 were reported. The number of Physical Damage losses was slightly less than for the year 1953, and for the first time in several years, a modest decrease in

average loss costs was recorded, a helpful development.

The Bodily Injury and Property Damage business did not produce a profit. Claims increased approximately 12% in number but, considering a steadily mounting number of risks since the entry of the Companies into this field in 1950, this is a natural development. The increase in claims ratio over the previous year was, in the main, due to a few sizable Bodily Injury claims which our modest volume is unable to absorb without adverse effect on the ratio.

Claims of \$8,769,000 were incurred, compared with \$8,921,000 for the previous year. The ratio of claims incurred to premiums earned for the current year was 49.7%, an improvement over the 51.9% ratio of 1953 and the 54.7% ratio developed in 1952. The over-all operation showed a satisfactory underwriting profit on a statutory basis and the year 1955 appears to offer reasonable hope for a continuation of favorable trends in the field of automobile insurance.

		1954	1953	1952	1951	1950
<b>Summary of Operations</b>	Premiums Written	\$17,310,109	\$18,155,381	\$16,176,896	\$14,108,375	\$13,839,089
	Premium Reserve Change	+336,466	-957,648	-860,624	+387,260	+323,115
	<b>Premiums Earned</b>	<b>17,646,575</b>	<b>17,197,733</b>	<b>15,316,272</b>	<b>14,495,635</b>	<b>14,162,204</b>
	Claims Incurred	8,769,653	8,921,164	8,375,493	7,469,115	6,443,625
	Underwriting Expenses Incurred	7,314,186	7,422,440	6,490,649	5,953,330	5,865,250
	<b>Claims and Expenses Incurred</b>	<b>16,083,839</b>	<b>16,343,604</b>	<b>14,866,142</b>	<b>13,422,445</b>	<b>12,308,875</b>
	<b>Statutory Underwriting Profit</b>	<b>1,562,736</b>	<b>854,129</b>	<b>450,130</b>	<b>1,073,190</b>	<b>1,853,329</b>
<b>Ratios</b>	Claims Incurred to Premiums Earned	49.7%	51.9%	54.7%	51.5%	45.5%
	Expenses Incurred to Premiums Written	42.3%	40.9%	40.1%	42.2%	42.4%
		92.0%	92.8%	94.8%	93.7%	87.9%



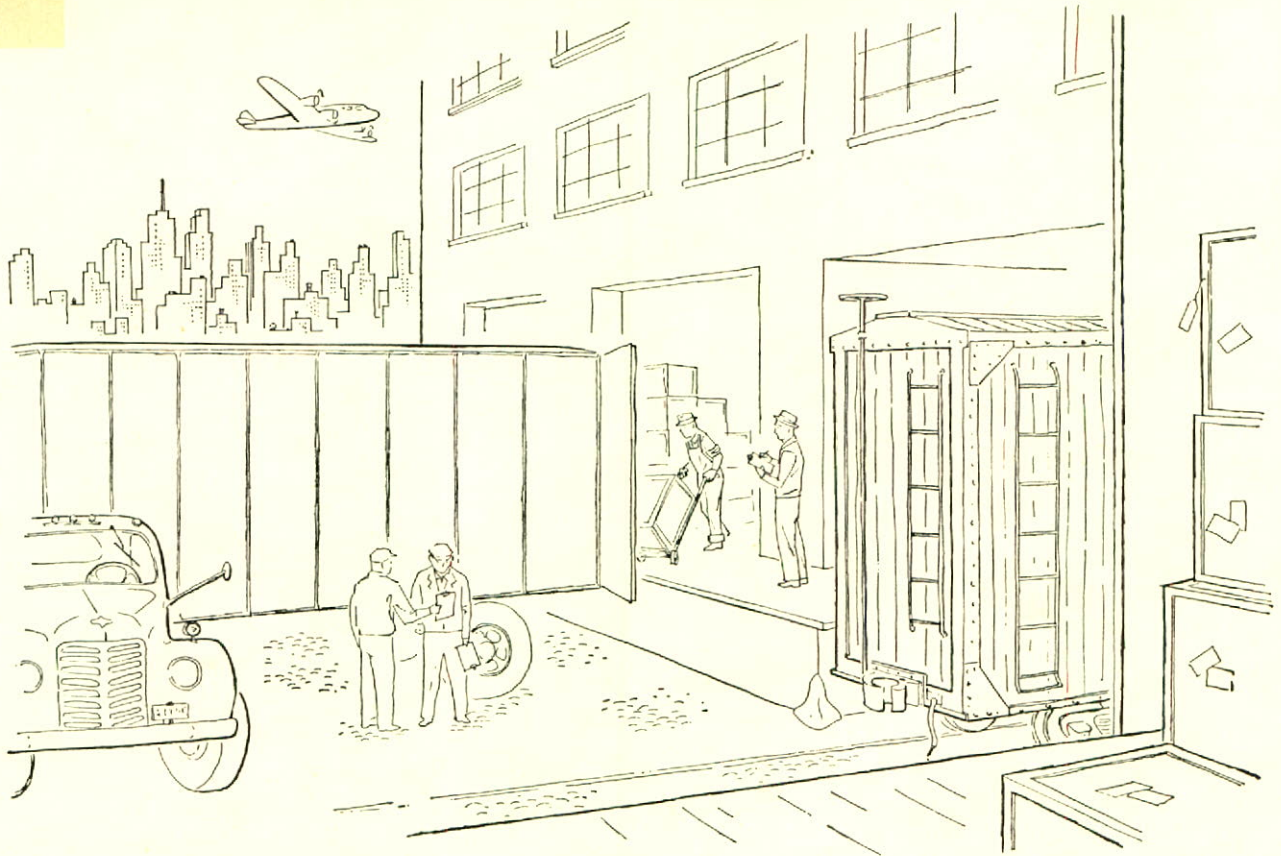
**Ocean Marine.** For the second year in succession, and following what appears to be a world-wide trend, premium writings of \$13,340,000 were slightly less than in the preceding year, but the underwriting results were most satisfactory. In some respects these results can be considered somewhat fortuitous, in that for the first nine months of the year there were practically no serious accidents at sea in which the Companies were heavily committed. During August, September and October, the three East Coast hurricanes resulted in a large number of losses for a very substantial amount, particularly on pleasure boats in New England. It is interesting that our largest single loss, aside from the hurricanes, was a War Risk claim consequent to the bombing of the *M/S Springfjord* during the brief Guatemalan civil war in the spring. Practically all cargoes in foreign trade continue to be insured for War Risk.

Competition for marine business continues to be severe, with the result that many rates have been reduced

to a level that would appear unlikely to produce an underwriting profit. Present indications are that the Companies' marine premiums will not show any significant advance during the coming year, because comparatively few new merchant ships are building in American yards and it appears unlikely that the volume of import and export trade will exceed that of 1954 by any appreciable amount.

In Annual Reports of earlier years we have commented that nationalistic legislation abroad interferes with the freedom of merchants to place their marine insurance with the companies of their choice. It cannot be said that there has been any reversal of this trend during the past year. However, the United States Government has entered into two important commercial treaties giving American underwriters a degree of relief, and the subject in general is being considered by a number of international bodies, and a practical solution may eventually be found.

	1954	1953	1952	1951	1950	
<b>Summary of Operations</b>	Premiums Written	\$13,340,634	\$13,586,397	\$13,631,721	\$14,776,696	\$13,355,307
	Premium Reserve Change	+318,925	-478,423	+226,406	-84,450	-15,362
	<b>Premiums Earned</b>	<b>13,659,559</b>	<b>13,107,974</b>	<b>13,858,127</b>	<b>14,692,246</b>	<b>13,339,945</b>
	Claims Incurred	6,382,446	7,877,150	8,690,446	8,752,157	5,942,220
	Underwriting Expenses Incurred	4,792,515	4,663,045	4,451,366	4,417,807	4,152,517
	<b>Claims and Expenses Incurred</b>	<b>11,174,961</b>	<b>12,540,195</b>	<b>13,141,812</b>	<b>13,169,964</b>	<b>10,094,737</b>
<b>Statutory Underwriting Profit</b>	<b>2,484,598</b>	<b>567,779</b>	<b>716,315</b>	<b>1,522,282</b>	<b>3,245,208</b>	
<b>Ratios</b>	Claims Incurred to Premiums Earned	46.7%	60.1%	62.7%	59.6%	44.5%
	Expenses Incurred to Premiums Written	35.9%	34.3%	32.7%	29.9%	31.1%
		82.6%	94.4%	95.4%	89.5%	75.6%



**Inland Marine.** Net premiums written in 1954 aggregated \$17,143,000, an increase of approximately \$630,000; four percent over the preceding year. Though the increase is not spectacular, it is at least as great as the estimated industry gain, if not slightly higher. Certain of the so-called Commercial classes, such as Dealers' policies, Radio and Television Towers, and Transportation-Location risks, contributed virtually all of the departmental increase. This is attributable to a widespread public and agency acceptance of additional innovations in these fields, such as the introduction of broad form package policies at single rates plus the ability of the North America Companies to write such risks as bridges, tunnels and turnpikes.

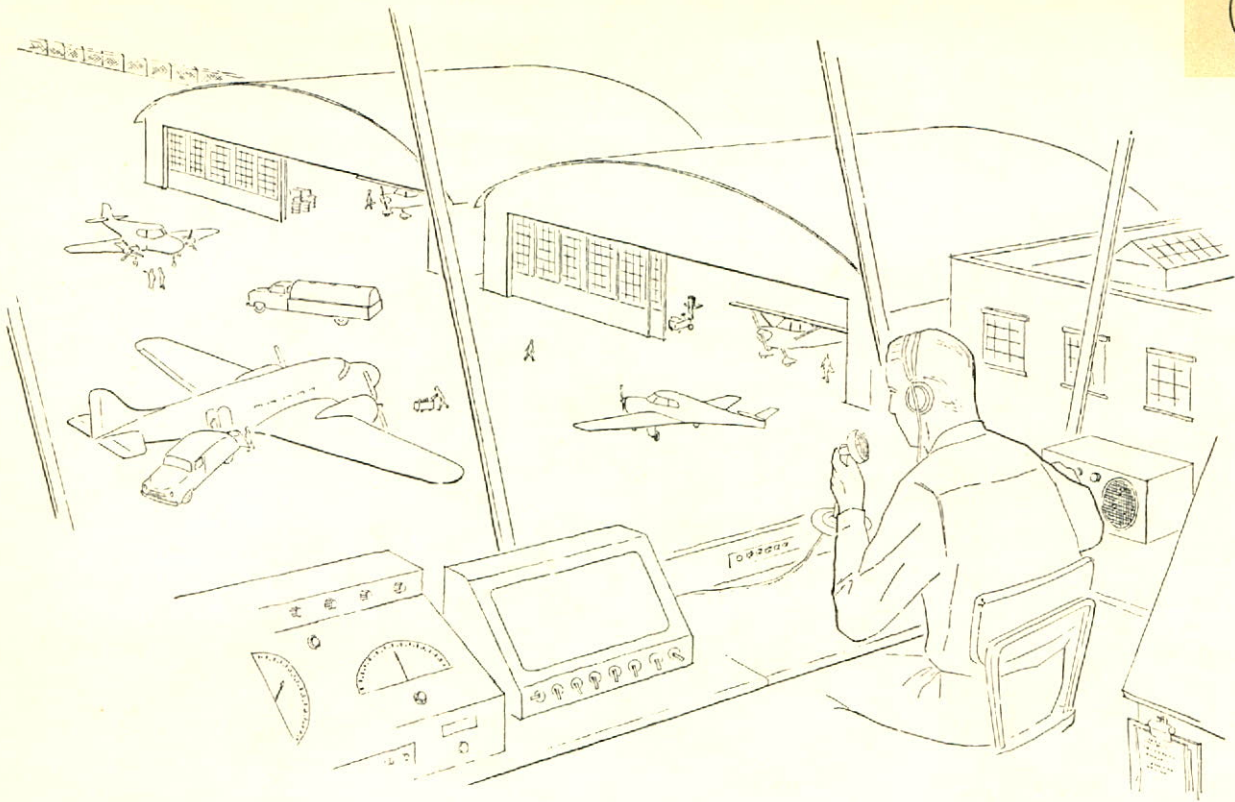
Certain categories of the personal phase of our business declined. Much of this business has been switched

to simplified Personal Forms, such as Homeowners policies written in our own Companies.

Despite incurred claims of \$8,185,000, representing 51.1% of earned premiums, a satisfactory statutory profit of \$599,000 developed from 1954 operations. The Inland business incurred gross claims of some \$667,000 from hurricanes Carol, Edna, and Hazel.

Much of the Department's over-all progress has stemmed from its ability to innovate new types of Personal and Commercial insurance. In the latter field particularly, the co-operation of and co-ordination with the Fire Department has been most instrumental in our efforts. Based on current predictions of an expanded economy in 1955, and with anticipated full employment with peak payrolls, premium income of the Inland Department may be expected to increase significantly.

	1954	1953	1952	1951	1950	
<b>Summary of Operations</b>	Premiums Written	\$17,142,964	\$16,512,747	\$15,307,020	\$14,462,593	\$13,933,539
	Premium Reserve Change	-1,137,117	-906,294	-610,989	-588,945	-921,612
	<b>Premiums Earned</b>	<b>16,005,847</b>	<b>15,606,453</b>	<b>14,696,031</b>	<b>13,873,648</b>	<b>13,011,927</b>
	Claims Incurred	8,185,282	8,014,347	8,269,678	7,891,927	6,455,984
	Underwriting Expenses Incurred	7,221,249	6,836,934	6,093,869	5,779,225	5,542,362
	<b>Claims and Expenses Incurred</b>	<b>15,406,531</b>	<b>14,851,281</b>	<b>14,363,547</b>	<b>13,671,152</b>	<b>11,998,346</b>
	<b>Statutory Underwriting Profit</b>	<b>599,316</b>	<b>755,172</b>	<b>332,484</b>	<b>202,496</b>	<b>1,013,581</b>
<b>Ratios</b>	Claims Incurred to Premiums Earned	51.1%	51.4%	56.3%	56.9%	49.6%
	Expenses Incurred to Premiums Written	42.1%	41.4%	39.8%	40.0%	39.8%
		93.2%	92.8%	96.1%	96.9%	89.4%



**Aviation.** The Companies' Aviation Department showed continued gains in 1954. Aviation physical damage and third party liability each produced a satisfactory underwriting profit and combined written premiums were in excess of \$3,000,000, a substantial increase over the previous year.

Promotional activities were undertaken during the year to encourage more extensive use of the department's facilities and to stimulate production throughout the country. An intensive seven-week sales program was preceded by a complete modernization of all sales

and underwriting material and by the development of new advertising aids. National advertising in aviation trade journals and in some other magazines assisted the program and substantial benefits were obtained through this effort.

The use of aircraft by industry as aids to business continued to gain in popularity. Latest estimates find over 21,000 aircraft so employed. From this class of owner the Aviation Department secures a substantial portion of its premium and intends to continue to stress its production efforts in this desirable field.

**Foreign.** Net written premium produced in 1954 by Foreign operations amounted to \$10,816,000, which represents an increase of 22.5% over last year. Of this amount, agency and brokerage writings totaled \$7,227,000, and the balance of \$3,589,000 was derived from reinsurance accepted from foreign companies. A satisfactory underwriting profit was realized with low over-all loss and expense ratios. With the exception of Hong Kong, where trade and insurance income continue to drop, the results reflect the general improvement in world-wide economic conditions.

Some expansion took place. The Company was registered in Spain to transact reinsurance business only, for the time being, and an office was established in Madrid. Our African operations were expanded to include Northern and Southern Rhodesia, with a Service

Office in Salisbury and a field office in Lusaka. Also, in the Union of South Africa, another office was opened, in Port Elizabeth. "Downunder," a new Service Office in Perth, rounded out our Australian organization.

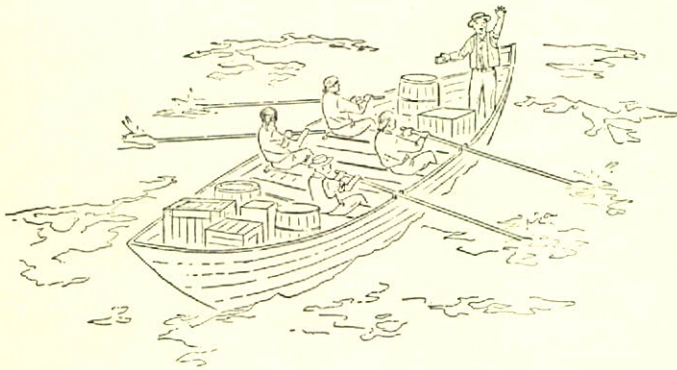
The North America Companies now have twenty-four Service Offices abroad, staffed by two hundred and eighty-five employees, and are licensed to transact business in thirty-six foreign countries.

During the year the Company continued to strengthen its position in the Latin American insurance market through its leadership in the Hemispheric Insurance Conference and the facilities and technical assistance afforded to growing foreign insurance companies. Certain investments have been made in local insurance companies where legal requirements and the outlook for profitable operations dictate such action.

## “PEEP-O-DAY”

Built in Waldoboro, Maine, as the *Ella Fleming* in 1848. Bought in 1860's by Owen Bowen and registered at Liverpool. Subsequently she was owned and operated out of Llanelly, Belfast and Donaghdee.

This vessel was known to have been a blockade runner in 1862 during the Civil War. In 1898 she is shown as a brigantine, and was out of the register by 1902.







*Copies of this print are available upon request.*



## INSURANCE COMPANY OF NORTH AMERICA • Operating Statements

	1954	1953
<b>Underwriting</b>		
Premiums Written	\$136,238,047	\$132,158,911
Increase in Unearned Premium Reserve	— 4,864,297	— 3,871,460
<b>Premiums Earned</b>	<b>\$131,373,750</b>	<b>\$128,287,451</b>
Claims and Claims Expense Paid	70,557,570	64,659,098
Increase in Claims Reserve	4,833,593	1,671,941
<b>Claims and Claims Expense Incurred</b>	<b>75,391,163</b>	<b>66,331,039</b>
Expenses Incurred Including Acquisition Costs	51,493,611	49,600,928
State and Local Taxes, Licenses, and Fees Incurred	3,248,934	3,238,698
<b>Total Claims and Expenses Incurred</b>	<b>130,133,708</b>	<b>119,170,665</b>
<b>Statutory Underwriting Profit</b>	<b>1,240,042</b>	<b>9,116,786</b>
<b>Financial</b>		
Interest and Dividends Earned	15,179,693	14,314,356
Rents on Real Estate	1,836,828	1,438,680
<b>Gross Investment Income</b>	<b>17,016,521</b>	<b>15,753,036</b>
Investment Expense	260,869	259,359
Real Estate Taxes and Expenses	1,090,201	869,975
<b>Total Investment Expenses</b>	<b>1,351,070</b>	<b>1,129,334</b>
<b>Investment Income</b>	<b>15,665,451</b>	<b>14,623,702</b>
<b>Operating Income Before Federal Tax</b>	<b>16,905,493</b>	<b>23,740,488</b>
Federal Income Tax Accrued	2,650,000	6,350,000
<b>Net Operating Income</b>	<b>\$ 14,255,493</b>	<b>\$ 17,390,488</b>



1952	1951	1950
\$135,945,276	\$128,024,993	\$117,155,874
<u>-9,933,199</u>	<u>-12,941,223</u>	<u>-20,253,709</u>
<b>\$126,012,077</b>	<b>\$115,083,770</b>	<b>\$96,902,165</b>
62,073,508	61,963,821	40,955,874
<u>1,251,893</u>	<u>1,495,352</u>	<u>7,043,725</u>
<b>63,325,401</b>	<b>63,459,173</b>	<b>47,999,599</b>
48,782,655	45,302,046	43,007,256
<u>3,368,841</u>	<u>3,210,991</u>	<u>2,999,609</u>
<b>115,476,897</b>	<b>111,972,210</b>	<b>94,006,464</b>
<b>10,535,180</b>	<b>3,111,560</b>	<b>2,895,701</b>
12,899,025	12,255,465	11,340,264
<u>1,227,475</u>	<u>1,176,734</u>	<u>1,120,431</u>
<b>14,126,500</b>	<b>13,432,199</b>	<b>12,460,695</b>
239,760	244,351	194,617
<u>713,129</u>	<u>685,410</u>	<u>651,373</u>
<b>952,889</b>	<b>929,761</b>	<b>845,990</b>
<b>13,173,611</b>	<b>12,502,438</b>	<b>11,614,705</b>
<b>23,708,791</b>	<b>15,613,998</b>	<b>14,510,406</b>
7,150,000	2,965,000	2,490,950
<b>\$ 16,558,791</b>	<b>\$ 12,648,998</b>	<b>\$12,019,456</b>



## INSURANCE COMPANY OF NORTH AMERICA

	1954	1953	1952	1951	1950
<b>Assets</b>					
<b>Cash</b>	\$ 19,901,040	\$ 25,465,071	\$ 22,376,390	\$ 18,332,954	\$ 18,282,218
Operating, Investment and Reserve Funds					
<b>Accrued Interest</b>	474,889	448,251	388,882	717,373	444,232
Interest which has been earned but not yet payable					
<b>Premiums in Course of Collection</b>	31,184,446	25,524,958	23,550,584	21,026,940	18,568,039
Premiums receivable, not overdue					
<b>Notes Receivable for Premiums</b>	304,474	314,889	297,238	280,850	202,016
<b>Reinsurance Claims Receivable</b>	340,600	241,955	542,861	890,433	425,041
Amounts collectible from other insurance companies under reinsurance contracts					
<b>Real Estate</b>	9,630,804	8,679,717	6,138,130	5,511,013	5,593,507
Buildings owned and occupied by the Company					
<b>All Other</b>	2,481,930	1,928,657	1,379,063	645,156	349,710
<b>Securities at Market Values</b>					
<b>U. S. Government Bonds</b>	72,297,300	73,890,300	71,116,300	65,215,100	60,977,200
<b>Other Bonds</b>	41,095,678	32,602,292	29,415,707	21,243,493	20,268,073
<b>Preferred and Guaranteed Stocks</b>	44,720,456	41,633,850	42,493,954	40,766,618	38,729,535
<b>Common Stocks</b>	208,297,445	147,450,361	157,039,621	143,927,632	115,886,311
<b>Stocks of Affiliated Insurance Companies</b>	125,610,352	89,205,617	87,861,794	77,785,937	68,059,474
<b>Total Assets</b>	<b>\$556,339,414</b>	<b>\$447,385,918</b>	<b>\$442,600,524</b>	<b>\$396,343,499</b>	<b>\$347,785,356</b>



## INSURANCE COMPANY OF NORTH AMERICA

<b>Liabilities</b>	1954	1953	1952	1951	1950
<b>Reserve for Claims and Claims Expenses</b>					
<b>Fire, Automobile, etc.</b>	\$ 19,265,285	\$ 15,661,492	\$ 13,787,452	\$ 13,112,009	\$ 11,026,494
<b>Ocean, Inland, etc.</b>	15,307,500	16,047,100	16,455,200	16,223,900	16,021,000
<b>Reinsurance Treaties</b>	8,251,400	6,282,000	6,076,000	5,730,850	6,523,912
To cover known claims and expenses thereon and also to provide reserves for claims not officially reported					
<b>Unearned Premium Reserves</b>					
<b>Fire, Automobile, etc.</b>	100,936,946	93,517,994	87,862,935	78,641,429	70,015,922
<b>Ocean, Inland, etc.</b>	14,139,633	13,256,132	11,864,895	11,289,093	10,683,707
<b>Reinsurance Treaties</b>	18,772,470	22,210,626	25,385,463	25,249,571	21,539,241
The unearned portion of the premiums on policies in force and deposits reclaimable on Perpetual fire policies					
<b>Reserves for Taxes, Expenses and Other Liabilities</b>	9,161,957	12,569,601	12,769,677	7,520,963	8,414,886
Reserves for Federal Income and other accrued taxes and expenses					
<b>Reinsurance in Non-Admitted Companies</b>	3,560,536	2,368,054	2,570,968	3,568,469	4,626,220
Reinsurance placed with companies not entered to do business in the United States. The law requires this figure to be shown as a liability					
<b>Dividends Payable</b>	2,737,422	2,725,279	3,616,340	3,616,320	1,807,921
Declared in December and paid in January or February of the following years					
<b>Total Liabilities</b>	<b>\$192,133,149</b>	<b>\$184,638,278</b>	<b>\$180,388,930</b>	<b>\$164,952,604</b>	<b>\$150,659,303</b>
<b>Net Worth</b>					
<b>Reinsurance Fund</b>	6,116,684	12,510,992	10,926,715	6,678,736	0
<b>Reserve for General Contingencies</b>	186,190,374	78,438,506	83,203,179	74,630,559	72,046,843
<b>Capital</b>	21,899,207	21,798,142	18,081,700	18,081,600	18,079,210
The amount paid in by the stockholders represented by 4,379,841 $\frac{3}{8}$ shares of \$5 par value at December 31, 1954					
<b>Surplus</b>	150,000,000	150,000,000	150,000,000	132,000,000	107,000,000
The excess of Assets over Total Liabilities, Reserves, and Capital. It has been created largely by retaining earnings in the business					
<b>Policyholders' Surplus</b>	364,206,265	262,747,640	262,211,594	231,390,895	197,126,053
<b>Total Liabilities and Net Worth</b>	<b>\$556,339,414</b>	<b>\$447,385,918</b>	<b>\$442,600,524</b>	<b>\$396,343,499</b>	<b>\$347,785,356</b>



## INSURANCE COMPANY OF NORTH AMERICA

### Surplus Account

Surplus, December 31, 1953		\$150,000,000
Net Operating Income, 1954	\$+	14,255,493
Increase in Market Value of Securities	+	98,818,705
Loss on Securities Sold and Redeemed	-	64,090
Dividends Paid April 15, July 15, and October 15, 1954, and Declared Payable January 15, 1955	-	10,922,475
Reduction in Book Value of Real Estate	-	372,559
World War I German Claims Awards	+	103,825
Increase in Non-Admitted Assets	-	1,106,397
Federal and Foreign Income Taxes Prior Years	-	475,210
Surplus Paid in	+	1,120,268
Transfer to Voluntary Reserves (General Contingencies)	-	107,751,868
Transfer from Reinsurance Fund	+	6,394,308
<b>Surplus, December 31, 1954</b>		<b>\$150,000,000</b>

### Voluntary Reserves

<b>Reinsurance Fund December 31, 1953</b>	\$	12,510,992
Operations of Reinsurance Fund, 1954	-	6,394,308
<b>Balance as of December 31, 1954</b>	\$	6,116,684
<b>Reserve for General Contingencies, December 31, 1953</b>	\$	78,438,506
Transferred from Surplus Account, 1954	+	107,751,868
<b>Balance as of December 31, 1954</b>		<b>\$186,190,374</b>



## PHILADELPHIA FIRE AND MARINE INSURANCE COMPANY

	1954	1953
<b>Operating Statement</b>		
<b>Premiums Earned</b>	<b>\$16,640,336</b>	<b>\$16,505,285</b>
Claims and Claims Expense Incurred	8,521,912	8,383,382
Expenses Incurred	6,997,404	6,540,537
Total Claims and Expenses Incurred	15,519,316	14,923,919
<b>Underwriting Profit</b>	<b>1,121,020</b>	<b>1,581,366</b>
Interest and Dividends Earned	2,257,417	2,102,797
Investment Expense Incurred	-28,979	-31,185
<b>Investment Income</b>	<b>2,228,438</b>	<b>2,071,612</b>
<b>Operating Income</b>	<b>3,349,458</b>	<b>3,652,978</b>
Federal Income Tax Accrued	973,000	1,080,000
<b>Net Operating Income</b>	<b>\$ 2,376,458</b>	<b>\$ 2,572,978</b>

<b>Assets</b>		
Cash	\$ 2,987,308	\$ 3,530,969
Accrued Interest	71,617	66,973
Premiums Receivable	6,306,634	4,990,791
Notes Receivable for Premiums	76,158	71,651
Reinsurance Claims Receivable	13,629	6,079
Securities at Market Values	64,966,610	54,394,906
<b>Total Assets</b>	<b>\$74,421,956</b>	<b>\$63,061,369</b>

<b>Liabilities</b>		
Reserve for Claims	\$ 2,898,921	\$ 3,874,782
Premium Reserve	19,758,296	18,783,738
Expense and Tax Reserve	2,154,995	1,981,639
Non-Admitted Reinsurance	142,584	170,949
Contingency Reserve	29,467,160	18,250,261
Capital	5,000,000	5,000,000
Surplus	15,000,000	15,000,000
<b>Total Liabilities</b>	<b>\$74,421,956</b>	<b>\$63,061,369</b>



## INDEMNITY INSURANCE COMPANY OF NORTH AMERICA • Operating Statement

	1954	1953	1952	1951	1950
<b>Underwriting</b>					
Premiums Written	\$96,925,709	\$89,564,255	\$73,936,424	\$58,329,439	\$49,232,215
Increase in Unearned Premium Reserve	-4,059,412	-8,211,351	-7,269,684	-3,759,980	-2,558,563
<b>Premiums Earned</b>	<b>92,866,297</b>	<b>81,352,904</b>	<b>66,666,740</b>	<b>54,569,459</b>	<b>46,673,652</b>
Claims and Claims Expense Paid	42,912,837	36,942,036	32,610,221	28,417,068	21,937,243
Increase in Claims Reserve	11,959,234	12,149,780	9,401,994	5,766,032	4,639,008
<b>Claims and Claims Expense Incurred</b>	<b>54,872,071</b>	<b>49,091,816</b>	<b>42,012,215</b>	<b>34,183,100</b>	<b>26,576,251</b>
Expenses Incurred Including Acquisition Costs	30,355,441	27,953,989	23,074,319	19,276,253	17,515,323
State and Local Taxes, Licenses, and Fees Incurred	2,744,569	2,707,844	2,294,904	1,854,500	1,476,694
<b>Total Claims and Expenses Incurred</b>	<b>87,972,081</b>	<b>79,753,649</b>	<b>67,381,438</b>	<b>55,313,853</b>	<b>45,568,268</b>
<b>Underwriting Gain or Loss</b>	<b>4,894,216</b>	<b>1,599,255</b>	<b>-714,698</b>	<b>-744,394</b>	<b>1,105,384</b>
<b>Financial</b>					
Interest and Dividends Earned	6,077,956	5,119,539	4,477,677	4,095,140	3,710,190
Investment Expenses Incurred	-88,664	-95,569	-81,866	-72,245	-63,857
<b>Investment Income</b>	<b>5,989,292</b>	<b>5,023,970</b>	<b>4,395,811</b>	<b>4,022,895</b>	<b>3,646,334</b>
<b>Operating Income</b>	<b>10,883,508</b>	<b>6,623,225</b>	<b>3,681,113</b>	<b>3,278,501</b>	<b>4,751,718</b>
Federal Income Tax Accrued	3,336,000	1,465,000	200,000	250,000	985,750
<b>Net Operating Income</b>	<b>\$ 7,547,508</b>	<b>\$ 5,158,225</b>	<b>\$ 3,481,113</b>	<b>\$ 3,028,501</b>	<b>\$ 3,765,968</b>





## INDEMNITY INSURANCE COMPANY OF NORTH AMERICA

The close of 1954 found the Indemnity Insurance Company of North America with the largest resources and the highest operating income in its history. The statutory underwriting profit was \$4,894,000, more than three times as great as the profit for the preceding year. Interest and dividends earned amounted to \$6,078,000, a gain of \$959,000 over the previous year. A dividend of \$2,000,000 was paid to the Insurance Company of North America, payments being made on a quarterly basis rather than on an annual basis as heretofore.

The Company's net premium income after reinsurance and other deductions was \$96,926,000 in 1954, a gain of \$7,362,000, or 8%, over the corresponding figure for the previous year. It will be observed that the rate of premium growth in 1954 was considerably smaller than in previous years, when the percentage increase was 27% in 1952 and 21% in 1953. The deceleration in the rate of increase may be accounted for by the stabilization of rate levels after several years of sharp rate increases, and the renewed competition of companies which had restricted their commitments in previous years.

Total assets as of December 31, 1954, were \$221,300,000, an increase of \$44,000,000 over the figure for the preceding year. Policyholders' surplus, which is made up of capital, stated surplus, and reserves for reinsurance and general contingencies, amounted to \$76,200,000, representing an increase of \$25,200,000 over the comparable figure for 1953. The stated surplus was increased from \$20,000,000 to \$25,000,000 by

transfer of \$5,000,000 from the contingency reserve.

The reinsurance fund established in 1952 was increased by the transfer to it of the sum of \$2,000,000 from the reserve for general contingencies. During the year, additional reinsurances, heretofore placed with outside underwriters, were added to the fund.

Throughout the year, the Company continued its conservative policy of maintaining ample reserves in respect of claims reported but not settled, for losses incurred but not reported, and expenses incident to the liquidation of such claims and losses. As a result of that policy, the reserve for claims and claims expense increased from \$72,517,000 to \$84,476,000, a rise of \$11,959,000, against an increase in the earned premiums for the year of \$11,513,000.

Following is a distribution of the Company's premium income by lines of business:

### Automobile

Bodily Injury .....	\$20,754,000
Property Damage .....	10,988,000
Physical Damage .....	3,384,000

### General Liability (Including Aviation)

Bodily Injury .....	\$18,173,000
Property Damage .....	5,519,000

### All Other Lines

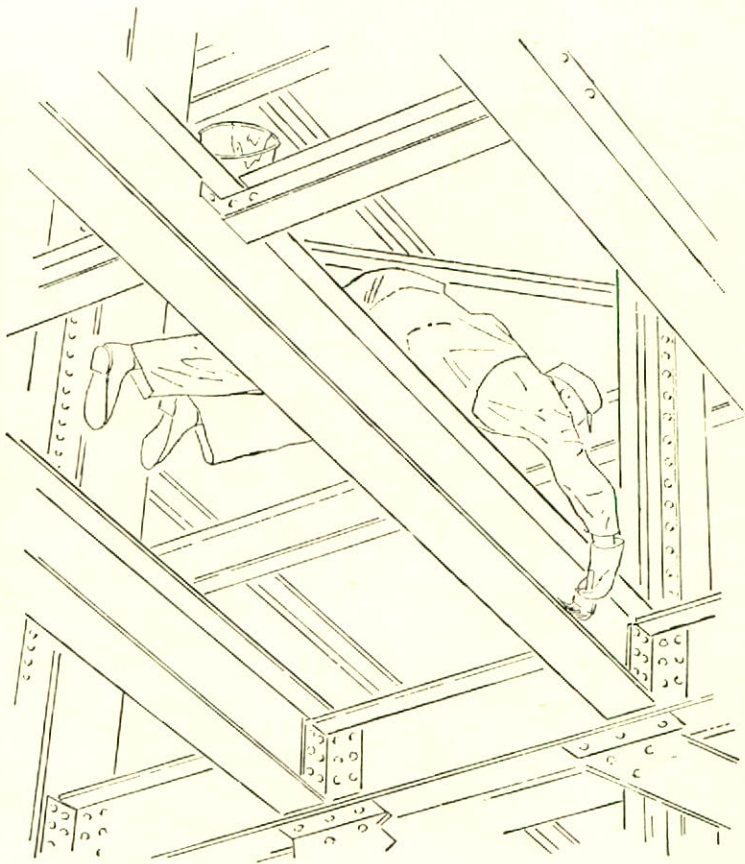
Workmen's Compensation .....	\$18,051,000
Accident and Health .....	7,134,000
Fidelity and Surety .....	6,778,000
Burglary and Glass .....	4,983,000
Fire and Marine .....	624,000
Miscellaneous .....	538,000
<b>Total .....</b>	<b>\$96,926,000</b>



**Automobile.** For the second successive year, a profit was apparent in the automobile account, the largest single classification in the casualty business. This resulted from the continuation of a conservative underwriting policy as well as from the more adequate rate levels which, for the most part, remained unchanged from the previous year. During the latter part of 1954 bodily injury liability claims appeared to increase in severity with a corresponding adverse effect on underwriting profit. At the

same time, property damage losses gave some indication of decreasing in number, a good omen for the future.

Except for the introduction of the new medical payments extension provision, automobile liability coverages remained unchanged. This new medical insurance provides benefits for all family members if injured while riding in virtually any automobile or, if injured as a pedestrian, through being struck by an automobile. Available on a voluntary basis, this broadened coverage



serves the public interest by narrowing the gap in protection for victims of motor vehicle accidents.

The automobile premium volume of the Company remained at approximately the same level as the previous year and amounted to \$35,126,000. Corrective measures were employed to adjust an imbalance of the casualty account in several areas and increased emphasis was placed upon the production of other business in the normally profitable lines.

**General Liability.** Satisfaction with the continued growth during 1954 of this important segment of the Company's business was tempered with disappointment over its failure to return to its former position of profit. By virtue of an increase of 14.9% in written premiums, this line of business became the second in the history of the Company to pass the \$20,000,000 milestone. Total written premiums amounted to \$23,692,000, and more than doubled the volume written five years ago.

On the other hand, there occurred only a negligible improvement in the unfavorable loss ratio of the previous year and another underwriting loss was experienced. Illustrating one of the conditions which has contributed largely to the unprofitable record of the

recent past, the frequency of claims related to earned premium was 20% lower than in 1950, whereas the cost of claims for both bodily injury and property damage rose sharply by more than 32% during the same period.

A number of field underwriting surveys conducted during the year revealed the quality of the business to be good. Thus, it becomes increasingly evident that the return of this line to the list of profit producers depends upon further movement of rates toward higher levels more consistent with current loss conditions.

**Workmen's Compensation.** This form of insurance, as its name implies, enables the Nation's employers to fulfill their statutory obligations to provide compensation in the form of wage benefits and medical care for employees who sustain injury, disease or death in course of employment. Exceeded in size by only the automobile and liability lines, it constitutes an important source of premium income to the Company.

Underwriting results during 1954 were eminently satisfactory. Written premiums increased by \$2,500,000 and amounted to an all-time high of \$18,000,000. This result happily coincided with American industry's best safety record in history which produced a praiseworthy reduction in the frequency of occupational accidents. Thus, an underwriting profit was realized, notwithstanding a continuing upward trend in settlement costs.

Because of the good experience of recent years, rate levels once again are headed downward, 21 states having effected rate reductions during the past year. Should payrolls fail to maintain current levels, a reduction in premium income is inevitable. Additionally, most state legislatures will be in session during the coming year and undoubtedly will treat with many bills seeking increasingly higher benefits for injured workers and other broadening features in compensation laws.

**Special Risks.** The Company, through its Special Risks Department, continued in 1954 to occupy an important place in the American excess catastrophe insurance market for the workmen's compensation, general liability and automobile liability classifications. A fortuitous reduction in the occurrence of catastrophe losses, a trend which has continued for the past few years, has intensified the competition for this business. The Company has been able to maintain adequate premium levels, producing a favorable result for the year. Buyers of catastrophe insurance welcome an American market and our producers have consistently found it helpful to represent a company which includes broad and experienced facilities for the handling of excess insurance problems.



The Atomic Energy Act of 1954 brought the insurance industry face to face with a novel problem involving risks of strange and uncertain capacities for creating injury and damage of unpredictable magnitude. Insurance against the hazards of such loss has already been sought by the pioneers in the commercial utilization of power generated by nuclear fission. The Company is aware of the extraordinary hazards that may exist in this business and our underwriters are continuing their study of this dramatic new industrial development. The Company is anxious to play its part in serving the needs of private enterprise in this field, as is evidenced by its having assumed a prominent role in supplying the insurance necessitated by the Government's atomic powered submarine construction program.

**Fidelity and Surety.** The Company's surety bond business produced most gratifying results in 1954. Income was approximately the same as in 1953, but the loss experience improved, so the net return on this business continued satisfactory.

Contract performance bonds always account for the largest share of the surety business. Construction awards during 1954 were the highest in this country's history, but private construction far outstripped public work, which fell off slightly from 1953. Bonds are required to support public contracts, but are used on comparatively few private contracts. As a result, the over-all volume of surety business written by all companies showed some small decline.

The outlook for 1955 appears to be moderately favorable. Forecasts of public works contracts indicate some increase over 1954 awards. On the other hand, an unfavorable trend of contractor failures became evident last year. Despite the enormous volume of construction, contractors encountered more severe competition because the number of contracting firms has increased even more rapidly than the amount of avail-

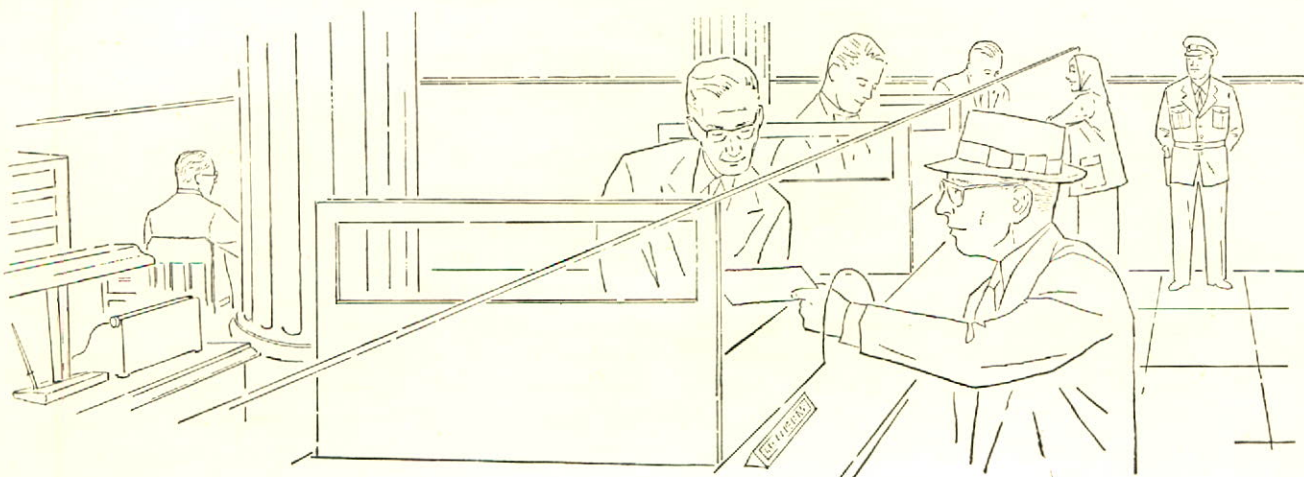
able work. In order to get work, contractors have had to lower their bid prices, sometimes to the point where contracts proved unprofitable. This situation indicates a need for a conservative policy of selective underwriting in 1955.

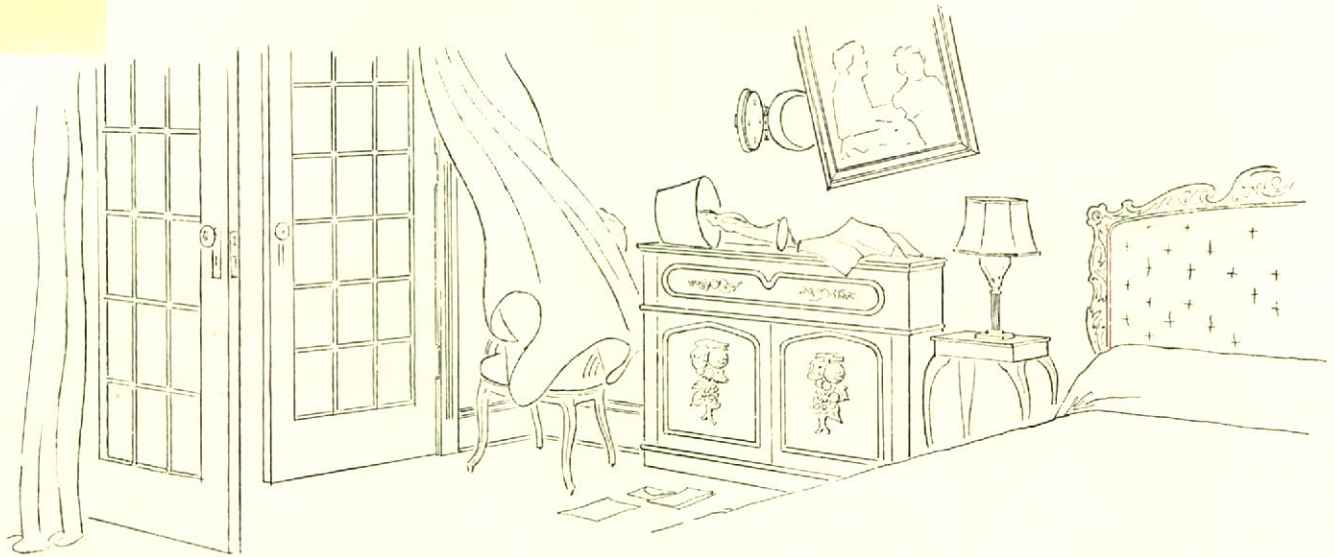
The miscellaneous surety lines continue to be highly profitable. Several very large unusual risks were underwritten in 1954 and it is evident that the Company's policy of providing a market for the meritorious, unusual risk has produced excellent results.

Fidelity bond premium income at \$3,884,000 was somewhat short of the record year 1953 and, contrary to expectations, losses were higher than in that year. This is due primarily to losses through embezzlements occurring in commercial banks. Embezzlements have become the number one problem of financial institutions today. In the year ending June 30, 1954, the Federal Bureau of Investigation received notices of 1,103 cases of embezzlement, the largest number reported to the Bureau for investigation in any one year in its history.

It is believed that this problem can be solved and that bank bond business can again be made profitable through underwriting steps now being taken to improve the experience on this line. In addition, production efforts are pointed toward greater diversification through the acquisition of a larger volume of the smaller risks and this, too, should be helpful in accomplishing the profit objective.

**Accident and Health.** The year 1954 in the Accident and Health business was characterized by an increase in competition. As a result, rate levels were forced down and new business in the familiar categories was more difficult to secure. Despite this development, a satisfactory premium increase of over 10% was achieved. The underwriting profit remained satisfactory, although lower than the profit enjoyed in each of the three previous years.





These satisfactory results in the face of increased competitive pressure were accomplished in several ways. Volume was increased through intensive sales effort, sparked by a special production effort conducted by the Business Development Department in the second quarter of the year. Sales were further aided by the development of several new combination policies that presented our product to the insuring public in a more convenient format than competing policy forms.

Some idea of the variety and scope of personal accident risks written by the Department is indicated by a review of some of the losses encountered during the year. Two geologists, employees of a large American firm, drowned while shooting the rapids in a canoe in the wilds of Canada, a female U. S. Government employee was killed in an elevator accident in Turkey; Robert Capa, famous photographer, was killed by a land mine in Indo-China; a female psychiatrist was murdered near Philadelphia; insured seamen died when a freighter sank off the coast of Virginia. Claims were also paid because of death or injury to insured persons occurring in all types of aircraft and in many parts of the world.

**Burglary and Glass.** As the year ended, it was apparent that the business underwritten in the Burglary Department was again yielding a satisfactory profit and closely approaching the good result achieved in the preceding year. Premium income from these sources showed only a slight gain.

These results are especially gratifying when viewed in light of crime statistics. The Federal Bureau of Investigation reports show that robberies increased 8.5%, burglaries 8.2% and larcenies (exclusive of embezzlements and automobile thefts) 5.4% in 1953 over 1952 and that in the first six months of 1954 they increased 20.4%, 13.2% and 9% respectively over the same period in 1953.

Although our own experience reveals serious crime conditions in some major cities, it has been our good fortune to escape losses of major proportions.

Due largely to the three hurricanes, glass business was again unprofitable as was the residence water damage business. The premium income from the glass business is about the same as the 1953 figure. The residence water damage premiums dropped about 20% from the income of the prior year.

**Ten-Year  
Record  
of Growth**

Year	Premium Income	Total Assets	Policyholders' Surplus	Underwriting and Inv. Income After Taxes
1945	\$23,058,388	\$ 65,063,463	\$27,646,053	\$ 2,326,699
1946	27,647,139	69,407,580	24,841,149	298,824
1947	39,892,921	80,076,593	21,961,202	- 22,814
1948	42,912,540	89,065,886	23,992,835	3,097,705
1949	44,301,236	100,510,694	31,336,659	4,405,505
1950	49,232,215	113,344,253	37,685,964	3,837,111
1951	58,329,439	129,474,328	43,967,651	2,993,744
1952	73,936,424	153,927,913	50,502,531	3,505,864
1953	89,564,255	177,320,851	50,985,697	5,158,225
1954	96,925,709	221,315,553	76,188,427	7,547,508



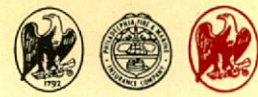
## INDEMNITY INSURANCE COMPANY OF NORTH AMERICA

	1954	1953	1952	1951	1950
<b>Assets</b>					
Cash	\$ 7,858,346	\$ 10,147,776	\$ 7,837,046	\$ 5,591,163	\$ 6,191,513
Accrued Interest	495,701	371,592	226,884	404,627	240,190
Premiums in Course of Collection	13,196,862	11,542,875	9,424,542	7,052,723	6,352,245
Other Assets	2,559,909	2,522,346	2,129,137	2,303,113	1,307,734
U. S. Government Bonds	59,735,350	57,724,850	47,916,300	43,019,150	37,243,150
Other Bonds	41,677,790	24,415,487	18,205,908	10,268,380	8,028,000
Preferred and Guaranteed Stocks	24,321,225	19,197,200	15,790,977	13,792,998	14,594,883
Common Stocks	71,470,370	51,398,725	52,397,119	47,042,174	39,386,538
<b>Total Assets</b>	<b>\$221,315,553</b>	<b>\$177,320,851</b>	<b>\$153,927,913</b>	<b>\$129,474,328</b>	<b>\$113,344,253</b>
<b>Liabilities</b>					
Reserve for Claims and Claims Expense	\$ 84,475,946	\$ 72,516,712	\$ 60,366,932	\$ 50,964,938	\$ 45,198,906
Reserve for Unearned Premiums	50,092,294	46,032,882	37,821,531	30,551,847	26,791,867
Reserve for Taxes and Expenses	6,983,053	5,168,983	3,193,123	2,413,712	2,477,283
Reinsurance in Non-Admitted Companies	3,575,833	2,616,578	2,043,795	1,576,180	1,190,233
<b>Total Liabilities</b>	<b>\$145,127,126</b>	<b>\$126,335,155</b>	<b>\$103,425,381</b>	<b>\$ 85,506,677</b>	<b>\$ 75,658,289</b>
<b>Net Worth</b>					
Reinsurance Fund	5,175,597	3,045,132	2,000,000	0	0
Reserve for General Contingencies	41,012,830	22,940,564	23,502,532	18,967,651	17,685,964
Capital	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Surplus	25,000,000	20,000,000	20,000,000	20,000,000	15,000,000
<b>Policyholders' Surplus</b>	<b>76,188,427</b>	<b>50,985,696</b>	<b>50,502,532</b>	<b>43,967,651</b>	<b>37,685,964</b>
<b>Total Liabilities and Net Worth</b>	<b>\$221,315,553</b>	<b>\$177,320,851</b>	<b>\$153,927,913</b>	<b>\$129,474,328</b>	<b>\$113,344,253</b>



## NORTH AMERICA COMPANIES

<b>Income</b>	Premiums Written	Premiums Earned
<b>Fire</b> Protection against damage by fire to all types of structures and their contents	\$ 55,835,880	\$ 53,099,928
<b>Fire—Allied Lines</b> Protection against damage due to windstorm, explosion, hail, riot, and other perils	14,941,862	13,485,304
<b>Ocean Marine and War Risk</b> Protection to vessel owners and shippers against the perils of the sea and war	13,555,729	13,871,204
<b>Inland Marine</b> Protection against damage to goods in inland transit; personal property, fine arts, jewelry, registered mail, etc.	20,091,009	18,857,777
<b>Automobile</b> Protection from third party claims for bodily injury or property damage and indemnification against fire and theft	53,615,326	53,947,525
<b>Other Liability and Property Damage</b> Protection to manufacturers, contractors, public utilities, lessees, and owners of property against claims for injury or damage	24,189,284	22,166,284
<b>Workmen's Compensation</b> Protection to employers against claims arising out of fatalities or injuries to employees in the performance of their work	18,152,047	17,349,575
<b>Fidelity, Surety and Forgery</b> Protection to firms against theft and forgery by employees. Bonds guaranteeing performance of contracts and miscellaneous bonds	7,046,543	6,367,974
<b>Miscellaneous Casualty Lines</b> Protection against injury or loss due to personal accident, burglary, theft, glass, and water damage	12,628,882	12,119,604
<b>Reinsurance Treaties</b> Business accepted from other domestic and foreign insurance companies to relieve them of a portion of their liabilities	19,050,766	22,839,385
<b>Multiple Line</b> Principally protection for homeowners against loss, by fire, theft and other perils, to home and contents; including their personal liability	9,002,472	4,501,709
<b>Excess—Catastrophe</b> Protection for owners of large properties, above a substantial first loss borne by the owner, against loss by fire and other perils	2,668,850	2,274,115
<b>Premiums</b>	<b>\$250,778,650</b>	<b>\$240,880,384</b>
<b>Investment Income Earned</b> Interest and dividends on securities and net rental income from buildings owned		20,884,260
<b>Total</b>		<b>\$261,764,644</b>



## NORTH AMERICA COMPANIES

### Outgo

#### Claims and Claims Expenses Incurred

Amounts paid and payable to policyholders who sustained losses, and claims department salaries, and other expenses incurred in connection with settlement of claims

Fire, Allied, Multiple and Excess Lines	\$ 41,346,124	
Inland and Ocean	17,393,878	
Automobile	31,954,052	
Liability and Property Damage	14,437,928	
Workmen's Compensation	10,005,473	
Other Casualty and Bonding Lines	8,383,214	
Reinsurance Treaties	15,264,478	<b>\$138,785,147</b>

#### Acquisition Costs

Commissions to Agents and Brokers	43,980,976	
Costs in Connection with Reinsurance Assumed	8,102,196	
Salaries and Expenses of Field Production Staff	13,637,858	<b>65,721,030</b>

#### Management and Operating Expenses

Salaries, group life premiums, pension contributions and other welfare costs for all employees other than field production and claims personnel	13,196,920	
All other operating expenses including inspections, rents, printing, advertising, stationery, postage, telephone and office equipment	9,372,901	<b>22,569,821</b>

#### State and Local Taxes

State and local levies accrued or paid to the various governing bodies		<b>6,549,107</b>
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#### Federal Income Taxes

Levied on underwriting and investment income		<b>6,959,000</b>
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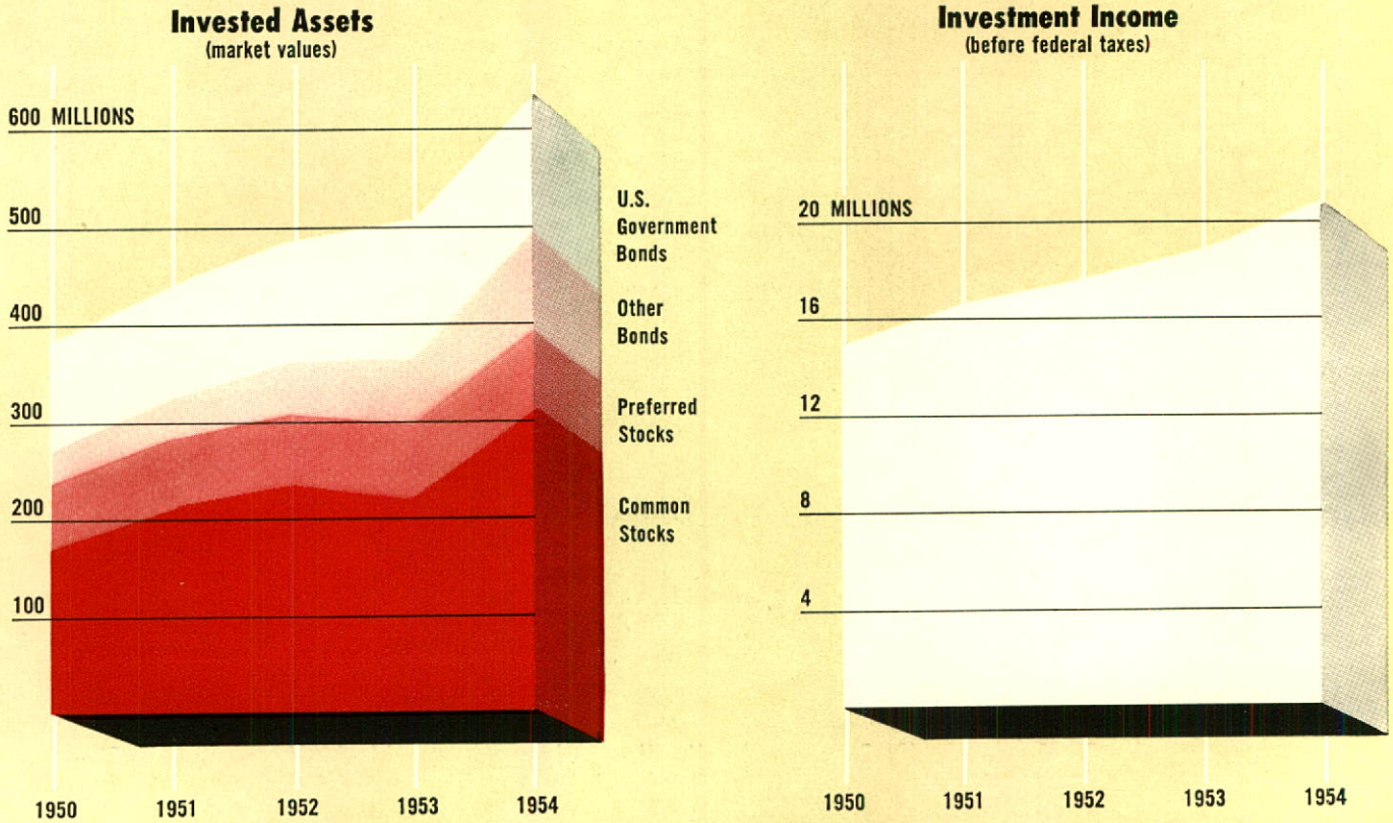
		<b>\$240,584,105</b>
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		<b>21,180,539</b>
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		<b>\$261,764,644</b>
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## NORTH AMERICA COMPANIES' INVESTMENTS



The year 1954 was significant for the extraordinary increase in security values due to the protracted and extensive rise in the price level for equities. As a consequence, Common Stocks now represent fifty percent of the value of the Companies' security holdings.

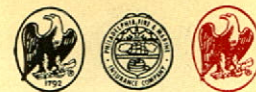
Unrealized appreciation in securities accruing between January 1 and December 31 amounted to \$93,694,000. This brought the cumulative unrealized appreciation in market values over cost values in the combined portfolio of the North America Companies to \$200,898,000 on December 31, 1954, versus appreciation of \$107,204,000 at the previous year-end.

This unrealized appreciation, in one instance depreciation, is distributed among the various categories of securities as follows:

U. S. Government Bonds .....	\$—1,046,000
Canadian Government and Other Bonds .....	1,794,000
Preferred Stocks .....	5,141,000
Common Stocks .....	195,009,000
Total .....	<u>\$200,898,000</u>

At the direction of the Executive Committee, \$32,180,000 was invested in additional securities, compared with \$27,380,700 in 1953. Continued requirements for financing large public construction projects, largely Thruways and Turnpikes, provided the opportunity to acquire at attractive yields some \$23,837,000 of tax-exempt bonds. The sum of \$1,174,000 was invested in bonds of the Government of Canada to meet the insurance deposit requirements of the Dominion, and the balance of new funds was invested in Preferred and Common Stock issues.





The following tabulation will show the net additions or reductions in the different classes of securities.

<b>Bonds</b>	
U. S. Government .....	\$ -670,300
State, County and Municipal .....	23,281,600
Canadian and Other Governments .....	1,567,100
<b>Total Bonds</b> .....	<b>\$24,178,400</b>
<b>Preferred Stocks</b>	
Railroad Guaranteed and Preferred .....	\$ 229,500
Public Utility .....	1,127,000
Industrial and Miscellaneous .....	2,544,600
<b>Total Preferred Stocks</b> .....	<b>\$ 3,901,100</b>
<b>Common Stocks</b>	
Railroad .....	\$ 251,600
Public Utility .....	1,930,200
Industrial .....	84,600
Bank .....	1,834,400
<b>Total Common Stocks</b> .....	<b>\$ 4,100,800</b>
<b>Total</b> .....	<b>\$32,180,300</b>

More liberal dividend disbursements by companies whose stocks are held in our portfolio plus income from additional investments resulted in an increase in income from interest and dividends from \$18,471,209 in 1953 to \$20,414,472 in 1954.

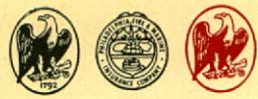
The income of the individual companies derived from interest and dividends is shown below:

Insurance Company of North America . .	\$12,140,050*
Philadelphia Fire and Marine Insurance Company .....	2,250,756
Indemnity Insurance Company of North America .....	6,023,666

\* This figure excludes dividends of \$1,999,280 and \$999,640 received from Indemnity Insurance Company of North America and Philadelphia Fire and Marine Insurance Company. All of the stock of these subsidiaries, except for directors' qualifying shares, is owned by the parent company.

### CONSOLIDATED CLASSIFICATION OF SECURITIES

	December 31, 1954			December 31, 1953		
	Cost	Market Values	Percent	Cost	Market Values	Percent
<b>Bonds</b>						
U. S. Government Bonds	\$147,608,711	\$146,562,500	23.3	\$148,279,030	\$146,179,000	29.1
State, County and Municipal	73,991,373	75,677,490	12.1	50,709,740	50,525,460	10.1
Canadian	11,257,671	11,299,330	1.8	10,084,006	9,661,620	1.9
Other Foreign	1,457,316	1,309,868	0.2	1,229,417	1,129,192	0.2
Railroad	390,048	603,640	0.1	404,774	607,430	0.1
Public Utility	0	0		15,746	22,817	0
Industrial and Miscellaneous	196,000	196,000	0	0	0	0
<b>Total Bonds</b>	<b>\$234,901,119</b>	<b>\$235,648,828</b>	<b>37.5</b>	<b>\$210,722,713</b>	<b>\$208,125,519</b>	<b>41.4</b>
<b>Preferred Stocks</b>						
Railroad Guaranteed	\$ 4,760,883	\$ 4,841,400	0.8	\$ 4,600,362	\$ 4,578,700	0.9
Railroad	3,411,757	4,155,400	0.7	3,342,748	3,604,300	0.7
Public Utility	43,689,336	45,379,025	7.2	42,562,325	42,609,300	8.5
Industrial and Miscellaneous	23,421,257	26,048,186	4.1	20,867,683	21,492,700	4.3
Bank	240,400	240,000	0	0	0	0
<b>Total Preferred Stocks</b>	<b>\$ 75,523,633</b>	<b>\$ 80,664,011</b>	<b>12.8</b>	<b>\$ 71,373,118</b>	<b>\$ 72,285,000</b>	<b>14.4</b>
<b>Common Stocks</b>						
Railroad	\$ 6,105,439	\$ 11,295,200	1.8	\$ 5,853,850	\$ 7,535,200	1.5
Public Utility	37,620,002	72,590,956	11.5	35,689,815	59,368,533	11.8
Industrial and Miscellaneous	62,906,073	211,552,814	33.7	62,830,514	143,221,051	28.5
Bank	10,628,020	16,830,415	2.7	9,033,972	12,172,668	2.4
<b>Total Common Stocks</b>	<b>\$117,259,534</b>	<b>\$312,269,385</b>	<b>49.7</b>	<b>\$113,408,151</b>	<b>\$222,297,452</b>	<b>44.2</b>
<b>Grand Total</b>	<b>\$427,684,286</b>	<b>\$628,582,224</b>	<b>100.0</b>	<b>\$395,503,982</b>	<b>\$502,707,971</b>	<b>100.0</b>



**COMBINED INVESTMENT PORTFOLIOS**  
**Insurance Company of North America and Affiliated Companies**

**Government**

Par Value	Bonds	Inf. Rate	Maturity	Cost	Market, Dec. 31, 1954
\$10,000,000.00	United States of America, Notes, "A"	2 7/8	1957	\$ 10,031,250.00	\$ 10,300,000.00
3,500,000.00	United States of America, Notes	1 3/4	1957	3,500,000.00	3,500,000.00
10,000,000.00	United States of America, Treasury	2 3/8	1958	10,000,000.00	10,100,000.00
10,000,000.00	United States of America, Treasury	2 1/2	1958	10,040,625.01	10,200,000.00
9,000,000.00	United States of America, Notes, "A"	1 3/4	1959	9,025,312.50	8,910,000.00
8,000,000.00	United States of America, Treasury	2 1/2	1960	8,050,000.00	8,000,000.00
2,400,000.00	United States of America, Treasury	2 3/4	1961	2,400,000.00	2,448,000.00
6,620,000.00	United States of America, Treasury	2 1/2	1961	6,672,753.14	6,686,200.00
22,505,000.00	United States of America, Treasury	2 1/4	1962	22,929,563.30	22,279,950.00
22,915,000.00	United States of America, Treasury	2 1/4	1962	23,185,051.05	22,685,850.00
7,000,000.00	United States of America, Treasury	2 1/2	1963	7,018,750.00	7,000,000.00
8,500,000.00	United States of America, Treasury	2 1/2	1968	8,437,500.00	8,415,000.00
14,650,000.00	United States of America, Treasury	2 1/2	1969	14,630,406.25	14,503,500.00
8,500,000.00	United States of America, Treasury	2 1/2	1969	8,487,500.00	8,415,000.00
250,000.00	United States of America, Treasury	2 1/2	1965	250,000.00	232,500.00
450,000.00	United States of America, War, "G"	2 1/2	1955	450,000.00	450,000.00
100,000.00	United States of America, War, "G"	2 1/2	1955	100,000.00	99,000.00
600,000.00	United States of America, War, "G"	2 1/2	1956	600,000.00	594,000.00
550,000.00	United States of America, Sav., "G"	2 1/2	1957	550,000.00	539,000.00
50,000.00	United States of America, Sav., "G"	2 1/2	1957	50,000.00	48,500.00
100,000.00	United States of America, Sav., "G"	2 1/2	1958	100,000.00	97,000.00
300,000.00	United States of America, Sav., "G"	2 1/2	1958	300,000.00	291,000.00
400,000.00	United States of America, Sav., "G"	2 1/2	1959	400,000.00	388,000.00
400,000.00	United States of America, Sav., "G"	2 1/2	1961	400,000.00	380,000.00
<b>TOTALS</b>				<b>\$147,608,711.25</b>	<b>\$146,562,500.00</b>

**Foreign\***

*Deposited in Foreign Countries for the Purpose of Doing Business Therein.*

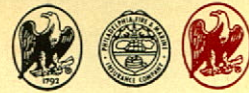
\$1,312,000.00	Canada, Government of	3	1959	\$ 1,306,431.25	\$ 1,325,120.00
250,000.00	Canada, Government of	3 1/4	1966	254,187.50	252,500.00
275,000.00	Canada, Government of	3	1958	267,162.50	283,250.00
2,500,000.00	Canada, Government of	3	1963	2,551,237.50	2,525,000.00
1,427,000.00	Canada, Government of	2 3/4	1968	1,415,152.50	1,398,460.00
1,480,000.00	Canada, Government of	3 1/4	1976	1,465,200.00	1,480,000.00
2,745,000.00	Canada, Government of	3 1/4	1979	2,745,362.50	2,745,000.00
1,000,000.00	Ontario, Province of, Debentures	4	1961	1,002,937.50	1,040,000.00
250,000.00	Canada, Perm. Mtge. Corp., Deb.	3 1/4	1956	250,000.00	250,000.00
£ 60,000.00	Australia, Commonwealth of	4 1/2	1966	136,248.00	135,000.00
P. 70,000.00	Colombia, Agrarian Bond	4	1955	28,070.00	28,000.00
P. 95,000.00	Colombia, Central Mortgage Bank	7	1972	32,761.70	32,300.00
P. 150,000.00	Colombia, National Defense	6	1973	59,209.59	58,980.00
P. 55,000.00	Colombia, Treasury Bond of 1945	6	1976	17,875.00	17,600.00
125,000.00	Cuba, Republic of, Ext. Sec. S.F.	4 1/2	1977	142,916.04	137,500.00
S. 5,000.00	Ecuador, La Prev. Banco de Credito	7	1959	292.76	350.00
S. 20,000.00	Ecuador, La Prev. Banco de Credito	10	1961	1,342.37	1,400.00
S. 10,000.00	Ecuador, La Prev. Banco de Credito	7	1961	629.85	700.00
S. 15,000.00	Ecuador, La Prev. Banco de Credito	10	1962	1,072.60	1,050.00
Fr. 14,300,000.00	France, Rep. of, Loan of 1952	3 1/2	2012	38,962.95	38,610.00
Fr. 11,000,000.00	France, Caisse Nationale de l'Energie	3	1996	36,567.01	36,300.00
R. 152,600.00	India, Government of	3 1/2	1961	31,485.20	32,046.00
P. 158,357.11	Mexico, United States of, Road, Conv.	6	Serial	18,658.59	12,669.00
P. 158,357.28	Mexico, United States of, Road, "A"	6	Serial	22,714.83	12,669.00
P. 351,191.29	Mexico, United States of, Road, "B"	6	Serial	72,254.85	28,095.00
P. 89,338.92	Mexico, United States of, Road, "A"	6	Serial	11,338.87	7,147.00
P. 438,473.43	Mexico, United States of, Road, "A"	6	Serial	51,029.09	35,078.00
P. 10,000.00	Mexico, Nac. Financ., S.A., Ctf. "R"	6	1959	1,171.16	800.00
P. 200,000.00	Mexico, Nac. Financ., S.A., Ctf. "W"	6	1960	23,423.17	16,000.00
145,500.00	Mexico, Rep. of, Ext. Loan of 1910	4	1963	34,302.50	23,280.00
149,380.00	Mexico, Rep., Cons. Ext. Loan of 1899	5	1963	52,473.75	25,395.00
7,500.00	Mexico, United States of, 1904	4	1968	1,440.00	750.00
25,000.00	Philippines, Republic of	4 1/2	1958	29,653.06	27,250.00
P. 150,000.00	Philippines, Republic of	4	1959	75,000.00	75,000.00
50,000.00	Puerto Rico, Water Res. Authority	2 3/4	1961	48,686.06	50,500.00
25,000.00	Puerto Rico, Water Res. Authority	2 3/4	1961	24,321.94	25,250.00
75,000.00	Puerto Rico, Water Res. Authority	2 3/4	1964	72,206.55	74,250.00
25,000.00	Puerto Rico, Water Res. Authority	2 3/4	1964	24,045.89	24,750.00
100,000.00	Puerto Rico, Water Res. Authority	2 1/2	1971	97,644.74	90,000.00
£ 33,000.00	South Africa, Union of	2 7/8	1969	86,091.60	74,250.00
£ 10,300.00	Southern Rhodesia, Treasury Bills	...	1955	28,082.95	28,325.00
B. 108,580.00	Venezuela (Nat'l Inst. of Sanitation)	5 1/2	1956	32,282.10	32,574.00
B. 170,000.00	Venezuela (Obras de la Ave. Bolivar)	6	1956	48,586.83	51,000.00
B. 100,000.00	Venezuela (Obras de la Ave. Bolivar)	6	1957	29,630.66	30,000.00
B. 100,000.00	Venezuela (Obras de la Ave. Bolivar)	6	1958	29,705.92	30,000.00
B. 50,000.00	Venezuela (Obras de la Ave. Bolivar)	6	1959	15,137.47	15,000.00
<b>TOTALS</b>				<b>\$ 12,714,986.90</b>	<b>\$ 12,609,198.00</b>

\* Par Value of Foreign Securities shown in Local Currency. Cost and Market appear in United States dollars.

**State**

\$4,000,000.00	Indiana Toll Road Commission	3 1/2	1994	\$ 4,000,000.00	\$ 4,240,000.00
1,000,000.00	Kansas Turnpike Authority	3 3/8	1994	995,000.00	960,000.00
2,500,000.00	Maryland, Bridge and Tunnel Rev.	3	1994	2,525,000.00	2,575,000.00
1,000,000.00	Michigan, L.A., Highway Rev. "I"	2	1968-76	978,956.86	963,000.00
1,000,000.00	Mich., L.A., Highway Ded. Tax—1952	2	1968-71	983,567.56	980,000.00
895,000.00	New Jersey Highway Authority	3	1983-85	886,076.48	966,600.00
1,030,000.00	New Jersey Highway Authority	2 3/4	1986-88	965,703.77	1,060,900.00
1,445,000.00	New Jersey Highway Authority	2 7/8	1984-88	1,445,000.00	1,517,250.00
3,000,000.00	New Jersey Turnpike Authority	3 1/4	1985	3,202,500.00	3,210,000.00
2,500,000.00	New Jersey Turnpike Authority	3 3/8	1988	2,487,500.00	2,625,000.00
1,000,000.00	N. Y. State Thruway Authority, 1st	2 1/2	1974	1,000,000.00	1,030,000.00
1,000,000.00	N. Y. State Thruway Authority, 1st	2 3/4	1984	1,000,000.00	1,070,000.00

**COMBINED INVESTMENT PORTFOLIOS**  
**Insurance Company of North America and Affiliated Companies**



Par Value	Bonds	Int. Rate	Maturity	Cost	Market, Dec. 31, 1954
\$1,000,000.00	N. Y. State Thruway Authority, 2nd	2¾	1981-84	\$ 990,011.54	\$ 1,065,000.00
2,500,000.00	N. Y. St. Thru. Auth., Gen. Rev., "A"	3.10	1994	2,518,750.00	2,625,000.00
4,000,000.00	Ohio, State of, Turnpike Rev., Prof. 1	3¼	1992	4,003,047.50	4,200,000.00
1,920,000.00	Pennsylvania, Commonwealth, "K"	1¾	1967-75	1,749,321.89	1,742,450.00
5,500,000.00	Pennsylvania, Commonwealth, "M"	1½	1955-65	5,508,187.86	5,508,580.00
620,000.00	Pennsylvania, Comm. of, Series "N"	1.45	1966	609,425.60	607,600.00
1,400,000.00	Pennsylvania, Comm. of, Series "N"	1.45	1967	1,380,804.46	1,358,000.00
275,000.00	Penna., Comm. of, Gen. St. Auth.	1½	1955	272,250.00	275,000.00
335,000.00	Penna., Comm. of, Gen. St. Auth.	1¼	1956	335,000.00	335,000.00
3,000,000.00	Penna., Comm. of, Gen. St. Auth.	2	1977	3,000,000.00	2,760,000.00
3,000,000.00	Penna., Comm. of, Gen. St. Auth.	1.75	1963-71	2,998,050.49	2,926,580.00
2,000,000.00	Penna., Comm. of, Gen. St. Auth.	2.40	1980-81	1,961,507.48	1,960,000.00
750,000.00	Pa., Comm., St. Hway. & Bridge Auth.	1.60	1961	750,000.00	757,500.00
250,000.00	Pa., Comm., St. Hway. & Bridge Auth.	1.60	1962	250,000.00	252,500.00
2,000,000.00	Pa., Comm., St. Hway. & Bridge Auth.	2½	1972-74	1,971,988.61	2,080,000.00
2,000,000.00	Pa., Comm., St. Hway. & Bridge Auth.	2¼	1975-77	1,970,177.36	1,966,000.00
1,500,000.00	Delaware River Port Authority	3¼	1972-73	1,500,000.00	1,635,000.00
2,500,000.00	Delaware River Port Authority	3½	1983	2,562,875.00	2,725,000.00
1,000,000.00	Del. River Joint Toll Bridge Comm.	2.35	1984	1,000,000.00	990,000.00
668,000.00	Penna., Comm., Turnpike Rev. Ref.	2¼	1955-61	656,875.58	673,680.00
2,500,000.00	Pa., Comm., Turn. Rev., Del. Riv. Ext.	2¾	1970	2,500,000.00	2,575,000.00
7,000,000.00	Pa., Comm., Turnpike Western Ext.	2.90	1988	7,146,597.50	7,350,000.00
500,000.00	Penna., Comm., Turnpike Rev. Ref.	3¼	1988	505,000.00	535,000.00
5,000,000.00	Penna., Comm. of, Turnpike Rev.	3.10	1993	5,000,000.00	5,200,000.00
60,000.00	South Carolina, State Highway	1¾	1956	60,000.00	60,600.00
635,000.00	South Carolina, State Highway	1¼	1961-65	638,150.73	625,750.00
<b>TOTALS</b>				<b>\$72,307,326.27</b>	<b>\$73,986,990.00</b>

**State (cont'd)**

\$ 830,000.00	Philadelphia, City of, Refunding	1½	1970-76	\$ 682,338.29	\$ 688,950.00
1,000,000.00	Philadelphia, City of	2¾	1977-82	1,001,708.68	1,001,550.00
<b>TOTALS</b>				<b>\$ 1,684,046.97</b>	<b>\$ 1,690,500.00</b>

**Municipal**

\$ 451,000.00	Balt. & Ohio R. R., S. W. Div., First	3½-5	1980	\$ 342,642.50	\$ 451,000.00
159,000.00	Missouri Pac. R. R., 1st and Ref., "F"	5	1977	47,404.90	152,640.00
<b>TOTALS</b>				<b>\$ 390,047.40</b>	<b>\$ 603,640.00</b>

**Railroad**

\$ 200,000.00	Commonwealth Oil Refining Co., Inc. (Puerto Rico) S. F. Deb.	6	1966	\$ 196,000.00	\$ 196,000.00
<b>TOTALS</b>				<b>\$ 196,000.00</b>	<b>\$ 196,000.00</b>

**Industrial**

Shares	Stocks	Cost	Market, Dec. 31, 1954
10000	Atchison, Topeka & Santa Fe Rwy., 5% Non-cum.	\$ 452,651.55	\$ 610,000.00
2000	Carolina, Clinchfield & Ohio Rwy. Co.	185,125.00	226,000.00
7000	Chicago, Rock Island & Pacific R. R. Co., 5% Conv.	524,536.75	735,000.00
19100	Delaware and Bound Brook R. R. Co.	886,193.50	897,700.00
2400	New York, Chicago & St. Louis R. R. Co., 6% "A"	259,915.16	268,800.00
11300	North Pennsylvania R. R. Co.	1,005,295.40	994,400.00
2700	Phila., Germantown and Norristown R. R. Co.	348,730.33	359,100.00
13400	Pittsburgh, Ft. Wayne and Chicago Rwy. Co.	2,201,389.27	2,224,400.00
6100	Reading Co., 4% Non-cum., First	240,679.49	256,200.00
6400	Reading Co., 4% Non-cum., Second	239,617.33	230,400.00
8000	Southern Rwy. Co., 5% Non-cum.	311,656.55	400,000.00
20000	Union Pacific R. R. Co., 4% Non-cum.	824,457.30	1,040,000.00
600	United New Jersey Railroad & Canal Co.	134,100.00	139,800.00
8000	Virginian Rwy. Co., 6% Cum.	262,500.00	240,000.00
5000	Wabash R. R. Co., 4½% Cum.	295,742.40	375,000.00
<b>TOTALS</b>		<b>\$ 8,172,640.03</b>	<b>\$ 8,996,800.00</b>

**Railroad  
Preferred and  
Guaranteed**

2000	Alabama Great Southern R. R. Co., Ordinary	\$ 183,320.00	\$ 294,000.00
10000	Atchison, Topeka & Santa Fe Rwy.	612,854.71	1,320,000.00
24000	Chesapeake & Ohio Rwy. Co.	790,429.47	1,104,000.00
30000	Great Northern Rwy. Co.	554,428.84	1,140,000.00
15000	Illinois Central R. R. Co.	479,377.57	930,000.00
20000	Norfolk and Western Rwy. Co.	865,337.50	1,020,000.00
11200	Seaboard Air Line Railroad Co.	484,422.82	851,200.00
25000	Southern Pacific Co.	731,288.51	1,350,000.00
21200	Union Pacific R. R. Co.	1,403,980.00	3,286,000.00
<b>TOTALS</b>		<b>\$ 6,105,439.42</b>	<b>\$11,295,200.00</b>

**Railroad  
Common**

5000	Alabama Power Co., 4.60% Cum.	\$ 512,469.47	\$ 535,000.00
4400	Appalachian Electric Power Co., 4.50% Cum.	451,981.34	462,000.00
5000	Arizona Public Service Co., 4.35% Cum.	502,114.58	500,000.00
5000	Carolina Power & Light Co., \$5 Cum.	543,229.17	565,000.00
5000	Colorado Interstate Gas Co., 5% Cum.	502,847.02	530,000.00
4500	Columbus & Southern Ohio Electric Co., 4.65% Cum.	460,211.47	472,500.00
10000	Consumers Power Co., \$4.52 Cum.	1,004,937.50	1,100,000.00
2500	Delaware Power & Light Co., 4.28% Cum.	262,361.87	260,000.00
2000	Delaware Power & Light Co., 4.56% Cum.	202,944.67	214,000.00
18900	Duquesne Light Co., 3.75% Cum.	956,550.00	907,200.00
14400	Duquesne Light Co., 4.15% Cum.	737,771.97	763,200.00
5000	El Paso Natural Gas Co., 5.65% Cum.	504,472.94	545,000.00
3000	Equitable Gas Co., 4.50% Cum., Conv.	306,035.25	336,000.00
2000	Florida Power & Light Co., 4½% Cum.	185,450.00	206,000.00
5000	Florida Power & Light Co., 4½% Cum., "A"	516,312.50	515,000.00
3000	Florida Power & Light Co., 4½% Cum., "B"	302,287.50	309,000.00

**Public Utility  
Preferred**



## COMBINED INVESTMENT PORTFOLIOS

### Insurance Company of North America and Affiliated Companies

Shares	Stocks	Cost	Market, Dec. 31, 1954
10000	General Telephone Co. of Pennsylvania, \$2.25 Cum.	\$ 497,471.89	\$ 530,000.00
3500	Georgia Power Co., \$4.60 Cum.	351,821.00	381,500.00
4000	Georgia Power Co., \$4.92 Cum.	410,273.32	432,000.00
6000	Greyhound Corp., 4¼% Cum.	583,663.72	570,000.00
4000	Gulf States Utilities Co., \$4.40 Cum.	405,026.67	424,000.00
2000	Gulf States Utilities Co., \$4.44 Cum.	201,650.00	212,000.00
5000	Gulf States Utilities Co., \$4.50 Cum.	500,000.00	535,000.00
9100	Illinois Power Co., 4.08% Cum.	465,517.00	464,100.00
4900	Illinois Power Co., 4.26% Cum.	249,911.63	254,800.00
5400	Illinois Power Co., 4.42% Cum.	275,400.00	286,200.00
4100	Illinois Power Co., 4.70% Cum.	208,794.69	221,400.00
5000	Indianapolis Water Co., 4½% Cum., "D"	500,000.00	505,000.00
3000	Iowa Power & Light Co., 4.35% Cum.	302,480.55	315,000.00
4000	Iowa Power & Light Co., 4.40% Cum.	400,831.11	420,000.00
7300	Kansas City Power & Light Co., 4.50% Cum.	730,000.00	773,800.00
10000	Laclede Gas Co., 4.60% Cum.	250,415.28	250,000.00
5000	Lone Star Gas Co., 4.75% Cum., Conv.	522,134.99	570,000.00
1200	Metropolitan Edison Co., 3.80% Cum.	120,600.00	117,600.00
7500	Metropolitan Edison Co., 4.35% Cum.	769,231.27	795,000.00
5000	Metropolitan Edison Co., 4.45% Cum.	511,250.00	530,000.00
2500	New York State Electric & Gas Corp., 4½% Cum.	256,843.75	262,500.00
10000	Northern Natural Gas Co., 5½% Cum.	1,000,000.00	1,100,000.00
3800	Northern States Power Co. (Minn.), \$4.10 Cum.	390,291.50	387,600.00
5000	Ohio Edison Co., 4.56% Cum.	513,174.30	540,000.00
5000	Oklahoma Gas & Electric Co., 4.44% Cum.	500,000.00	510,000.00
20000	Pacific Gas & Electric Co., 4.50% Redeemable, First	515,000.00	540,000.00
5000	Pacific Gas & Electric Co., 4.80% First	136,408.72	140,000.00
30000	Pacific Gas & Electric Co., 5% Redeemable	785,208.29	840,000.00
5000	Pacific Gas & Electric Co., 5% Redeemable, "A"	133,797.88	140,000.00
5000	Pacific Lighting Corp., \$4.40 Cum.	507,805.56	525,000.00
5000	Pacific Lighting Corp., \$4.50 Cum.	506,625.00	530,000.00
5000	Pacific Lighting Corp., \$4.75 Cum.	500,000.00	530,000.00
10000	Peninsular Telephone Co., \$1.32 Cum.	264,000.00	280,000.00
2900	Pennsylvania Electric Co., 4.05% Cum., "D"	296,463.13	287,100.00
5000	Pennsylvania Electric Co., 4.50% Cum., "F"	511,350.00	525,000.00
5000	Pennsylvania Electric Co., 4.70% Cum., "E"	516,837.49	530,000.00
3000	Pennsylvania Power Co., 4.24% Cum.	307,364.30	309,000.00
7500	Pennsylvania Power & Light Co., 4.40% Cum.	758,405.60	795,000.00
5000	Pennsylvania Power & Light Co., 4½% Cum.	521,562.52	555,000.00
5000	Pennsylvania Power & Light Co., 4.60% Cum.	501,725.00	535,000.00
14000	Pennsylvania Water & Power Co., \$4.50 Cum., "A"	1,400,000.00	1,442,000.00
2000	Philadelphia Electric Co., 3.8% Cum.	185,070.95	202,000.00
36000	Philadelphia Electric Co., 4.3% Cum.	3,675,461.10	3,816,000.00
7000	Philadelphia Electric Co., 4.68% Cum.	713,979.00	763,000.00
8000	Philadelphia Suburban Water Co., 3.65% Cum.	789,000.00	720,000.00
3000	Philadelphia Suburban Water Co., 3.95% Cum.	300,000.00	285,000.00
4000	Philadelphia Suburban Water Co., 4.95% Cum.	400,000.00	424,000.00
5000	Public Service Co. of Colorado, 4.20% Cum.	504,841.66	515,000.00
4500	Public Service Co. of Colorado, 4½% Cum.	453,318.75	468,000.00
10000	Public Service Co. of Indiana, Inc., 4.32% Cum.	250,870.00	260,000.00
2500	Public Service Co. of Oklahoma, 4.65% Cum.	252,700.00	262,500.00
50000	Public Service Electric & Gas Co., \$1.40 Conv.	1,420,534.25	1,550,000.00
3500	Public Service Electric & Gas Co., 4.08% Cum.	353,066.00	353,500.00
1500	Rochester Gas & Electric Corp., 4.10% "H"	151,161.47	150,000.00
2500	Rochester Gas & Electric Corp., 4¾% Cum., "T"	250,329.85	262,500.00
20000	San Diego Gas & Electric Co., 4.40% Cum.	421,354.19	420,000.00
4000	South Pittsburgh Water Co., 4.70% Cum.	400,000.00	404,000.00
6000	Southern California Edison Co., 4.08% Cum.	153,000.00	150,000.00
10000	Southern California Edison Co., 4.88% Cum.	252,497.50	270,000.00
1000	Tennessee Gas Transmission Co., 4.65% Cum.	89,125.00	104,000.00
2500	Tennessee Gas Transmission Co., 5.10% Cum.	256,558.31	262,500.00
3000	Tennessee Gas Transmission Co., 5.12% Cum.	301,295.70	315,000.00
2000	Tennessee Gas Transmission Co., 5.25% Cum.	201,837.51	210,000.00
2500	Tennessee Gas Transmission Co., 5.85% Cum.	253,298.75	267,500.00
2500	Texas Eastern Transmission Corp., 5.50% Cum. First	258,745.30	262,500.00
4000	Texas Electric Service Co., \$4 Cum.	400,044.43	404,000.00
5000	Texas Electric Service Co., \$4.64 Cum.	493,750.00	540,000.00
4300	Texas Power & Light Co., \$4 Cum.	423,552.89	438,600.00
3500	Texas Power & Light Co., \$4.84 Cum.	349,923.77	378,000.00
2200	Transcontinental Gas Pipe Line Corp., \$2.55 Cum.	113,061.00	114,400.00
5075	Trunkline Gas Co., 5% Cum., "A"	497,200.00	522,725.00
5900	Virginia Electric & Power Co., \$4.20 Cum.	597,418.60	613,600.00
4300	West Penn Power Co., 4.10% Cum., "O"	433,982.42	447,200.00
10600	West Penn Power Co., 4.20% Cum., "B"	1,061,044.17	1,113,000.00
<b>TOTALS</b>		<b>\$43,689,335.98</b>	<b>\$45,379,025.00</b>

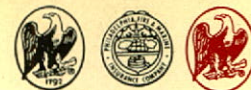
**Public Utility**  
Preferred (cont'd)

**Public Utility**  
Common

85000	American Gas and Electric Co.	\$ 1,470,256.05	\$ 3,655,000.00
10000	American Natural Gas Co.	337,626.26	480,000.00
5000	American Telephone & Telegraph Co.	655,744.64	885,000.00
31500	Carolina Power & Light Co.	459,375.00	819,000.00
12000	Central Illinois Light Co.	302,329.93	564,000.00
21500	Central & South West Corp.	249,220.62	666,500.00
82731	Cincinnati Gas & Electric Co.	956,359.99	1,985,544.00
15000	Cleveland Electric Illuminating Co.	559,079.41	1,020,000.00
10000	Colorado Interstate Gas Co.	267,500.00	510,000.00
100000	Commonwealth Edison Co.	2,737,997.14	4,600,000.00
56000	Consolidated Natural Gas Co.	883,810.81	1,960,000.00

**COMBINED INVESTMENT PORTFOLIOS**

**Insurance Company of North America and Affiliated Companies**



Shares	Stocks	Cost	Market, Dec. 31, 1954
62700	Consumers Power Co.	\$ 1,470,938.33	\$ 2,946,900.00
14000	Dayton Power & Light Co.	389,138.77	602,000.00
23000	Delaware Power & Light Co.	440,469.42	759,000.00
50000	Duquesne Light Co.	1,384,312.50	1,700,000.00
15000	Equitable Gas Co.	330,281.94	420,000.00
10000	Florida Power & Light Co.	191,304.66	570,000.00
25000	General Public Utilities Corp.	507,107.43	850,000.00
25000	Gulf States Utilities Co.	224,048.19	850,000.00
21964	Houston Lighting & Power Co.	321,870.00	900,524.00
15000	Idaho Power Co.	476,875.00	840,000.00
15000	Illinois Power Co.	428,116.80	735,000.00
28000	Indianapolis Power & Light Co.	430,805.16	700,000.00
15000	Iowa-Illinois Gas & Electric Co.	303,611.49	465,000.00
22500	Iowa Power & Light Co.	435,929.77	607,500.00
23000	Kansas City Power & Light Co.	566,644.05	920,000.00
10000	Kansas Power & Light Co.	139,565.91	220,000.00
50000	Lone Star Gas Co.	738,109.44	1,350,000.00
46000	Middle South Utilities, Inc.	540,949.91	1,426,000.00
34375	Mississippi River Fuel Corp.	902,381.92	1,787,500.00
28000	New York State Electric & Gas Corp.	658,891.67	1,120,000.00
88800	Niagara Mohawk Power Corp.	1,813,345.00	2,752,800.00
42000	North American Co.	523,595.20	1,176,000.00
4000	Northern Illinois Gas Co.	40,000.00	84,000.00
36000	Northern Natural Gas Co.	950,695.65	1,512,000.00
49500	Northern States Power Co. (Minn.)	518,718.97	841,500.00
42500	Ohio Edison Co.	1,270,543.52	1,870,000.00
11000	Oklahoma Gas & Electric Co.	268,924.10	363,000.00
10000	Pacific Gas & Electric Co.	367,063.31	470,000.00
5700	Pacific Telephone and Telegraph Co.	644,161.12	746,700.00
71750	Panhandle Eastern Pipe Line Co.	855,387.44	5,381,250.00
52000	Pennsylvania Power & Light Co.	1,161,939.83	2,392,000.00
8500	Peoples Gas Light & Coke Co.	866,606.83	1,360,000.00
146251	Philadelphia Electric Co.	3,485,356.31	5,557,538.00
25000	Public Service Co. of Colorado	494,196.75	1,050,000.00
10000	Public Service Co. of Indiana, Inc.	284,894.55	410,000.00
20000	Public Service Electric & Gas Co.	396,698.49	580,000.00
15000	Southern California Edison Co.	535,228.23	705,000.00
33000	Southern Natural Gas Co.	282,170.87	1,056,000.00
25000	Texas Utilities Co.	666,054.84	1,650,000.00
8400	Union Electric Co. of Missouri	119,158.34	235,200.00
64000	United Gas Corp.	694,958.29	2,176,000.00
40000	United Gas Improvement Co.	623,538.50	1,520,000.00
27500	Virginia Electric & Power Co.	481,931.11	907,500.00
27500	Wisconsin Electric Power Co.	514,182.31	880,000.00
	<b>TOTALS</b>	<b>\$37,620,001.77</b>	<b>\$72,590,956.00</b>

**Public Utility**  
Common (cont'd)

24000	Camden Trust Co., 4% Cum.	\$ 240,400.00	\$ 240,000.00
	<b>TOTALS</b>	<b>\$ 240,400.00</b>	<b>\$ 240,000.00</b>

**Bank and Trust Company**  
Preferred

10000	Anglo-California National Bank of San Francisco	\$ 369,875.71	\$ 560,000.00
5000	Bank of California National Association (San Fran.)	224,250.00	355,000.00
500	Bank of New York	159,640.00	220,000.00
10000	Chase National Bank of the City of New York	368,737.13	600,000.00
6250	Continental Illinois National Bank & Trust Co.	375,003.75	637,500.00
10000	Fidelity-Philadelphia Trust Co.	510,209.75	850,000.00
6460	First National Bank of Boston	311,860.04	406,980.00
4200	First National Bank of Chicago	590,622.50	1,302,000.00
11227	First National Bank in Dallas (Texas)	320,044.79	404,172.00
5000	First National Bank in St. Louis	266,381.20	295,000.00
23170	Girard Trust Corn Exchange Bank	964,002.52	1,575,560.00
17250	Guaranty Trust Co. of New York	915,249.08	1,328,250.00
20000	Mellon National Bank & Trust Co.	1,112,525.00	1,860,000.00
4950	Morgan (J. P.) & Co., Inc.	753,092.50	1,321,650.00
2500	National Bank of Commerce of Houston, Texas	210,000.00	227,500.00
5000	National Bank of Detroit	214,984.41	315,000.00
7000	National City Bank of Cleveland	252,800.00	469,000.00
8000	National City Bank of New York	346,423.71	472,000.00
16545	Pennsylvania Co. for Banking & Trusts	569,062.27	810,705.00
3500	Philadelphia National Bank	345,730.00	420,000.00
3500	Provident Trust Co.	163,059.75	402,500.00
12478	Republic National Bank of Dallas	315,375.95	686,290.00
6666	Second National Bank, Houston, Texas	235,476.45	306,636.00
7000	Security First National Bank (Los Angeles)	316,125.00	539,000.00
6000	Tradesmens Land Title Bank & Trust Co.	251,885.25	258,000.00
2500	Wells Fargo Bank (San Francisco)	144,600.00	187,500.00
	<b>TOTALS</b>	<b>\$10,607,016.76</b>	<b>\$16,810,243.00</b>

**Bank and Trust Company**  
Common

76880	Compania de Seguros Generales Philadelphia Consolidada Agricola e Industrial S/A—Chile	\$ 17,433.43	\$ 19,220.00
24000	Compania Industrial, S.A.—Chile	10,017.18	6,240.00
119	National Bank for Urban Mortgages & Public Works, Mexico, D. F.	3,570.00	952.00
3200	Sociedad Explotadora de Tierra del Fuego—Chile	9,578.81	6,400.00
	<b>TOTALS</b>	<b>\$ 40,599.42</b>	<b>\$ 32,812.00</b>

**Foreign**  
Common



## COMBINED INVESTMENT PORTFOLIOS

### Insurance Company of North America and Affiliated Companies

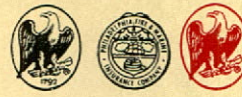
Shares	Stocks	Cost	Market, Dec. 31, 1954
5000	Allis-Chalmers Mfg. Co., 4.08% Cum., Conv.	\$ 510,000.00	\$ 605,000.00
13600	Aluminum Co. of America, \$3.75 Cum.	1,321,870.60	1,346,400.00
3000	American Airlines, Inc., 3½% Cum., Conv.	219,706.89	318,000.00
1500	American Brake Shoe Co., 4% Cum., Conv.	155,568.07	153,000.00
4000	American Smelting & Refining Co., 7% Cum.	590,568.71	664,000.00
1000	American Tobacco Co., 6% Cum.	123,473.00	134,000.00
9000	American Viscose Corp., 5% Cum.	967,500.00	1,071,000.00
4400	Armstrong Cork Co., \$3.75 Cum.	425,772.62	444,400.00
5100	Atlantic Refining Co., 3.75% Cum., "B"	504,046.93	510,000.00
3500	Beatrice Foods Co., 4½% Cum.	319,337.52	374,500.00
5900	Bethlehem Steel Corp., 7% Cum.	803,877.76	985,300.00
5000	Borg-Warner Corp., 3½% Cum.	493,034.73	490,000.00
2500	Budd Co., \$5 Cum.	197,272.90	212,500.00
4600	Caterpillar Tractor Co., 4.20% Cum.	461,878.28	478,400.00
3700	Champion Paper and Fibre Co., \$4.50 Cum.	378,699.50	395,900.00
3000	Crown Zellerbach Corp., \$4.20 Cum.	299,122.58	312,000.00
2100	Dana Corp., 3¾% Cum., "A"	186,843.84	197,400.00
2500	Diamond Alkali Co., 4.40% Cum.	250,000.00	282,500.00
9000	Diamond Match Co., \$1.50 Cum.	306,829.35	315,000.00
4000	Dresser Industries, Inc., 3¾% Cum., Conv.	332,655.53	412,000.00
8750	E. I. duPont de Nemours & Co., \$4.50 Cum.	943,158.96	1,058,750.00
6000	Food Fair Stores, Inc., \$4.20 Cum.	600,186.18	606,000.00
16500	General Motors Corp., \$5 Cum.	1,516,007.11	2,079,000.00
5000	Great Northern Paper Co., 4.40% Cum., "A"	500,000.00	530,000.00
5000	I-T-E Circuit Breaker Co., 4.60% Cum.	250,606.94	255,000.00
1500	International Harvester Co., 7% Cum.	201,375.00	258,000.00
2000	International Paper Co., \$4 Cum., First	194,495.35	212,000.00
2000	Lees (James) & Sons, 3.85% Cum.	179,472.17	182,000.00
1100	Liggett & Myers Tobacco Co., 7% Cum.	159,338.85	171,600.00
1700	Mead Corp., 4¼% Cum.	153,136.61	175,100.00
1500	Merck & Co., Inc., \$4 Cum., Conv., Second	160,722.66	162,000.00
6200	Merck & Co., \$4.25 Cum., Second	550,394.05	644,800.00
10000	Monsanto Chemical Co., \$3.85 Cum., "C"	1,000,000.00	1,000,000.00
5000	National Distillers Products Corp., 4¼% Cum., Conv.	495,870.00	480,000.00
6890	Philco Corp., 3¾% Cum., "A"	632,157.42	668,330.00
2503	Pillsbury Mills, Inc., \$4 Cum.	250,300.00	255,306.00
5500	Pure Oil Co., 5% Cum.	588,500.00	605,000.00
4000	R. J. Reynolds Tobacco Co., 4.50% Cum.	401,950.00	412,000.00
3500	Rohm & Haas Co., 4% Cum., "A"	334,842.00	364,000.00
1300	Scott Paper Co., \$3.40 Cum.	123,500.00	126,100.00
3250	Scott Paper Co., \$4 Cum.	333,161.09	338,000.00
2000	Spencer Chemical Co., 4.20% Cum.	200,000.00	200,000.00
2200	Sun Oil Co., 4½% Cum., "A"	202,208.00	257,400.00
12000	Talon, Inc., 4% Cum.	118,062.50	96,000.00
3000	Thompson Products, Inc., 4% Cum.	307,304.98	309,000.00
25000	Tide Water Associated Oil Co., \$1.20 Cum.	677,202.39	675,000.00
4400	United Aircraft Corp., 5% Cum.	453,639.83	462,000.00
9000	United States Rubber Co., 8% Non-Cum., First	1,150,513.25	1,449,000.00
900	United States Salvage Assoc., Inc., 5% Non-Cum.	9,000.00	9,000.00
6000	United States Smelting, Refining & Mining Co., 7% Cum.	377,430.48	372,000.00
6500	United States Steel Corp., 7% Cum.	910,591.98	1,046,500.00
3500	Virginia-Carolina Chemical Corp., 6% Cum., Part	205,799.61	476,000.00
4000	Westinghouse Electric Corp., 3.80% Cum., "B"	392,270.94	412,000.00
<b>TOTALS</b>		<b>\$23,421,257.16</b>	<b>\$26,048,186.00</b>

#### Industrial & Misc. Preferred

20000	Allied Chemical & Dye Corp.	\$ 1,039,319.83	\$ 2,060,000.00
7500	Alpha Portland Cement Co.	265,493.27	592,500.00
7500	Aluminium, Ltd.	363,311.50	585,000.00
20000	Aluminum Co. of America	518,277.14	1,800,000.00
18000	Amerada Petroleum Corp.	485,884.74	4,086,000.00
10000	American Brake Shoe Co.	320,630.32	350,000.00
22000	American Can Co.	484,349.90	990,000.00
20000	American Cyanamid Co.	424,481.83	1,100,000.00
16000	American Smelting & Refining Co.	318,801.44	720,000.00
14385	American Stores Co.	462,527.67	805,560.00
25000	American Viscose Corp.	819,664.60	1,125,000.00
40000	Anchor Hocking Glass Corp.	466,034.37	1,440,000.00
9000	Armstrong Cork Co.	523,993.30	810,000.00
30000	Atlantic Refining Co.	313,471.13	1,170,000.00
10000	Bethlehem Steel Corp.	385,793.23	1,090,000.00
20350	Borden Co.	588,355.36	1,302,400.00
24000	Borg-Warner Corp.	355,761.26	912,000.00
20000	California Packing Corp.	510,152.52	720,000.00
50	Christiana Securities Co.	1,417,250.00	6,215,000.00
10000	Chrysler Corp.	273,507.24	710,000.00
16000	Columbian Carbon Co.	496,261.39	832,000.00
4000	Commonwealth Oil Refining Co., Inc. (Puerto Rico)	4,000.00	24,000.00
37500	Container Corp. of America	626,683.48	2,437,500.00
40000	Continental Oil Co.	987,719.17	3,000,000.00
16300	Creole Petroleum Corp.	494,227.68	1,956,000.00
30000	Crown Zellerbach Corp.	525,559.97	1,920,000.00
1500	Cutler-Hammer, Inc.	61,705.91	91,500.00
71964	Dana Corp.	317,781.97	3,238,380.00
10000	Deere & Co.	251,940.10	350,000.00

#### Industrial & Misc. Common

**COMBINED INVESTMENT PORTFOLIOS**  
**Insurance Company of North America and Affiliated Companies**



Shares	Stocks	Cost	Market, Dec. 31, 1954
41350	Dow Chemical Co.	\$ 624,964.83	\$ 1,943,450.00
4000	E. I. duPont de Nemours & Co.	170,000.00	668,000.00
25410	Eastman Kodak Co.	530,913.02	1,854,930.00
235	Factory Insurance Association Bldg. Corp.	23,500.00	23,500.00
5000	Firestone Tire & Rubber Co.	332,459.48	560,000.00
9000	First National Stores, Inc.	221,550.49	531,000.00
25125	Food Machinery & Chemical Corp.	370,828.76	1,306,500.00
5478	General Adjustment Bureau, Inc.	68,355.00	82,170.00
60000	General Electric Co.	595,974.19	2,820,000.00
34000	General Motors Corp.	892,320.80	3,332,000.00
10000	B. F. Goodrich Co.	328,664.64	630,000.00
112156	Gulf Oil Corp.	2,257,343.70	7,402,296.00
6000	Halliburton Oil Well Cementing Co.	285,968.33	336,000.00
15000	Hercules Powder Co.	619,514.80	1,485,000.00
20000	Honolulu Oil Corp.	731,197.97	1,660,000.00
15750	Hugoton Production Co.	202,500.00	787,500.00
15000	Ingersoll-Rand Co.	244,727.50	810,000.00
15000	Inland Steel Co.	403,950.17	1,125,000.00
7000	International Harvester Co.	142,791.60	266,000.00
28876	International Paper Co.	530,450.81	2,569,964.00
10000	International Salt Co.	267,500.00	760,000.00
20000	Johns-Manville Corp.	731,295.59	1,760,000.00
22500	Kennecott Copper Corp.	810,877.51	2,362,500.00
40000	Kimberly-Clark Corp.	479,078.00	1,640,000.00
10000	Kroger Co.	140,318.61	480,000.00
15000	Lees (James) & Sons Co.	365,040.47	435,000.00
20000	Lehigh Portland Cement Co.	352,414.13	1,120,000.00
28000	Libbey-Owens-Ford Glass Co.	637,427.50	2,016,000.00
5000	Lilly (Eli) & Co., Class "B"	490,000.00	430,000.00
8000	Link-Belt Co.	216,885.32	424,000.00
8000	McGraw Electric Co.	366,872.16	880,000.00
15000	McKesson & Robbins, Inc.	555,232.50	615,000.00
26790	Mead Corp.	394,446.01	1,527,030.00
100000	Merck & Co., Inc.	855,502.82	2,400,000.00
28656	Monsanto Chemical Co.	1,132,003.51	2,980,224.00
6655	National Cash Register Co.	132,699.14	678,810.00
11500	National Lead Co.	330,954.21	713,000.00
30000	National Steel Corp.	721,863.80	1,950,000.00
15000	New Jersey Zinc Co.	637,920.79	720,000.00
20000	Ohio Oil Co.	357,147.24	1,380,000.00
10000	Otis Elevator Co.	368,212.22	680,000.00
15000	Owens-Illinois Glass Co.	948,133.04	1,575,000.00
30000	Parkway Co. (subsidiary of North America)	1,500,000.00	2,029,033.00
15000	J. C. Penney Co.	364,567.50	1,320,000.00
33000	Pfizer, Charles & Co.	661,446.89	1,287,000.00
20000	Phelps Dodge Corp.	418,129.68	1,060,000.00
40	Philadelphia Bourse	200.00	1,160.00
5600	Philadelphia Investment Corp. (subsidiary of N.A.)	1,731,000.00	5,278,080.00
35280	Philco Corp.	193,111.26	1,340,640.00
48000	Phillips Petroleum Co.	1,122,236.67	3,600,000.00
35000	Pittsburgh Plate Glass Co.	949,776.60	2,380,000.00
11250	Procter & Gamble Co.	328,090.74	1,102,500.00
9124	Rohm & Haas Co.	313,103.00	2,426,984.00
13750	St. Joseph Lead Co.	302,280.08	605,000.00
50000	Scott Paper Co.	552,349.85	3,050,000.00
15000	Seaboard Oil Co.	136,313.43	675,000.00
10000	Sears, Roebuck & Co.	348,052.13	780,000.00
49500	Shamrock Oil & Gas Corp.	722,664.30	2,029,500.00
54000	Shell Oil Co.	1,625,203.16	3,348,000.00
112200	Socony-Vacuum Oil Co.	1,541,913.85	6,058,800.00
52500	Standard Oil Co. of California	1,461,709.35	4,042,500.00
40000	Standard Oil Co. (Indiana)	715,454.41	1,920,000.00
318833	Standard Oil Co. (New Jersey)	3,656,343.34	35,390,463.00
5500	Sterling Drug Co.	173,312.62	247,500.00
115650	Sun Oil Co.	1,587,366.42	8,095,500.00
10000	Swift & Co.	357,881.91	480,000.00
62000	Texas Co.	1,463,051.17	5,332,000.00
37500	Texas Gulf Sulphur Co.	643,014.09	1,575,000.00
52000	Thompson Products, Inc.	588,942.43	2,704,000.00
5000	Timken Roller Bearing Co.	178,247.50	255,000.00
20	Underwriters' Salvage Co. of Chicago	2,000.00	2,000.00
40	Underwriters' Salvage Co. of New York	4,000.00	4,000.00
46500	Union Carbide and Carbon Corp.	1,098,844.53	3,999,000.00
22500	United Fruit Co.	528,705.24	1,282,500.00
14000	United Shoe Machinery Corp.	592,061.08	742,000.00
180	United States Salvage Association, Inc.	13,500.00	13,500.00
10000	United States Steel Corp.	225,136.85	740,000.00
40000	West Virginia Pulp & Paper Co.	459,144.05	1,640,000.00
4	Western Adjustment and Inspection Co. (Chicago, Ill.)	800.00	800.00
50000	Westinghouse Electric Corp.	1,037,581.38	4,000,000.00
5000	Weyerhaeuser Timber Co.	316,200.64	550,000.00
<b>TOTALS</b>		<b>\$ 62,886,477.13</b>	<b>\$211,540,174.00</b>

**Industrial & Misc.**  
Common (cont'd)

The securities of each of the North America Companies are audited annually. As of November 30, 1954, Edward P. Moxey & Co., Certified Public Accountants, certified that all securities then owned were on hand and in agreement with Company records.

**COMBINED TOTALS**

**\$427,684,286.46    \$628,582,224.00**



San Jose, Calif.  
Processing Office



Richmond, Ind.  
Processing Office



Austin, Tex.  
Processing Office



Home Office  
Philadelphia, Pa.



Springfield, Mass.  
Processing Office



Macon, Ga.  
Processing Office