History and Development of Marine Insurance

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against damage at all unless the ship is stranded. The second class comprises articles which are not liable to damage to the same extent, and underwriters agree to pay for damage if it amounts to 5 per cent. The third class, which includes the ship and freight, the damage must amount to 3 per cent. or the ship be stranded.

Now it must be clearly understood that the various terms and conditions, which we have just noted, are those contained in an ordinary Lloyd's form of policy. The policies, however, in general use today have many additions and clauses which override the conditions printed in the body of the policy in cases where they are at variance with them.

First, we have what is known as the F. C. & S. clause, or in other words, Free of Capture and Seizure. This clause extinguishes the liability of underwriters which exists in the general words, "to be liable for loss or damage owing to the consequences of war-like operations." Practically all policies today contain this clause, and in order to make underwriters liable for the consequences of hostilities an extra premium has to be paid and a special clause is attached to the policy, of which each Company appears to have a different form; the general object, however, being to protect the assured against loss or damage which he may incur as the result of hostilities.

It may be noted, however, that practically all clauses agree on one point, namely, that the consequences of hostilities do not embrace damage due to delay, even though the delay is the direct result of war.

In the second place, practically all policies in use at the present time, contain what is known as the running-down clause, which was inserted as the result of a decision in which it was held that underwriters were not liable under the ordinary form of policy to make good claims which the assured might be called upon to pay to third parties as a result of a collision.

The terms of the running-down clause, or collision clause, as it is often called, provide that if the assured, as the result of a collision, has to pay damages to a third party, underwriters will reimburse him in proportion to the amount of insurance carried by them to the extent of three-fourths of the damage. Some policies, however, go further and cover the whole claim, but as a general rule, the remaining one-fourth is covered under policies effected with Mutual or Protection Clubs, in which most vessels at the present day are entered.

Finally, there is the Sue and Labour clause, which gives the assured, his factors, servants and assigns, the authority to sue, labour, and travel for, in and about the defence, safeguard, and recovery of the said goods, merchandise, ship, etc., underwriters undertaking to pay the expense occasioned thereby. The object of this clause is to encourage the assured in case of accident to take action for the preservation of the property insured, but it must be borne in mind that in order to make underwriters liable for the expenses so incurred they must be undertaken with the object of averting a loss which if it did occur would be payable by underwriters. For example, supposing that a ship is insured under terms by which underwriters are not liable for loss by capture, if under the sue and labour clause the assured incurred expenses to avoid capture underwriters would not be liable for these expenses because they would not have been liable to pay the loss had the vessel been captured.

Before closing this paper, it may be of interest to note briefly some of the losses which are not covered under a marine policy.

Loss by deterioration incidental to the ordinary course of navigation. For example, the natural wear and tear of a ship.

The ordinary leakage and breakage of cargo, and all ordinary charges incurred during the voyage, although such charges may be increased owing to the prolongation of the voyage, sea perils, or by detention in a port of refuge.

Loss due to inherent defect, such as meat going bad, rice or flour becoming heated, fruit rotting, unless, of course, such deterioration is a direct consequence of the perils insured against.

Loss remotely caused by perils insured against; for example, loss of market on cargo owing to the protraction of the voyage.

Loss derived from compulsory abandonment of the voyage consequent to blockade or other similar causes.

Loss due to the fault of the assured or his agent. For example loss by unseaworthiness.

Damage caused by bad stowage, by rats or other vermin.

Loss due to British capture.

GREAT WEST PERMANENT LOAN GROUP ANNUAL REPORTS.

The year 1916 in Western Canada was a year of recuperation from the ill-effects of a punctured speculation and from the ill-effects produced by the outbreak of war. The bounteous harvests of 1915 favorably affected trade throughout the year, while the rise in the price of metals and the greater demand for lumber also had a beneficial effect on those and allied industries. Many discouraged merchants were placed on a sound footing again and a huge quantity of overdue debts were liquidated. This better condition of affairs was reflected in all the annual reports of companies made public as of condition December 31st, 1916.

Despite the counteracting influences of Moratoria and Soldier Relief Acts, moderate progress was made by all the large loaning institutions in Western Canada. This is illustrated by the exhibit of annual reports of the Great West Permanent Loan Company group of institutions which is made public in this issue. These companies, namely, Great West Permanent Loan Company, Canada National Fire Insurance Company, and the Imperial Canadian Trust Company, are managed and controlled by the same group of directors.

The main features in the Loan Company report are a decrease of about $224,000 in real estate loans; an increase in real estate owned by about $316,000, due perhaps to necessary foreclosures. A decrease in cash in hand and on deposit of $145,000 is shown, but this item still shows a comfortable amount of nearly $300,000. The noteworthy features of the liabilities are a decrease in deposits of about $298,000 and increase in debentures outstanding of $158,000. Capital and reserve are unchanged, but profit and loss has been credited with $15,744 from the year's operations. The net earnings of the company were $208,254, from which dividends were declared amounting to $192,510, the balance being credited as above mentioned.

The Canada National Fire also had a moderately successful year. Earnings from investments and premiums, less re-insurances, were $319,319; expenses and losess paid amounted to $206,291; from the balance dividends were declared of $99,236. During the year the paid-up capital was increased by $250,333, bringing capital account to $1,708,161. The net surplus for the year was increased by about $5,000 now totalling $267,995 and making a total surplus to policyholders of $1,976,156. Balance due on head office property is apparently wiped out with increase in paid-up capital. On the assets side loans decreased $86,000; securities increased about $350,000; real estate other than head office property increased $58,574, and cash in banks and on hand decreased $190,000 to $126,114.

The operations of the Trust Company are more restricted than in the cases of the Loan or the Fire Insurance Company. With a paid-up capital of $856,658, $37,308 was earned after deducting all expenses. Reserve fund now stands at $155,108, while at credit of profit and loss there is $55,447. Estate, trust and agency account now stands at $5,729,907.91.

RECENT FIRE LOSSES.

Recent fire losses reported to Superintendent of Insurance, Victoria:

Princeton, Feb. 10—Owner, Princeton Coal & Land Co.; occupant, John Martin Donovan; wood dwelling; value of building $650, insurance on same $450; value of contents $400, insurance on same, nil. Total loss, $1,050. Cause, arson, occupant convicted of arson. Phoenix Assurance.

Victoria, February 20—Steamer "S. H. Grainer"; owner and occupant, Butler Freighting and Towing Co.; wood hull freight steamer; value of boat $25,000, insurance on same $15,000. Total loss, $950. Cause, spontaneous combustion (oily waste). Pacific Marine, Western, Aetna.