ance (vol. 1, page 7): "The underwriter pays no loss, except with reference to the sum on which he is paid premium; the total sum if the loss be total, some aliquot part of the sum if the loss be partial."

INSURERS: The obligation of the insurers to the insured is simply such sums as they may be legally liable to pay under the stipulations of their respective policies, and, as *a principle*, the writers of one set of policies cannot, by the conditions of such policies, render a co-insuring company subject to risk more adversely than it is so made by the conditions of its own policy. But, while this is a fundamental "principle" in all contracts, it becomes inoperative in fire underwriting under the custom of English Offices, sustained by the English Courts, where what are known as "specified policies" are found in contact with what are called "average" policies, the conditions of average in the latter overriding the contribution clauses of the former roughshod.

THE INSURED: Under the terms of the policy, in the absence of any special stipulation on his part, such as the average clause, or other limitation agreement, the insured cannot be called upon to contribute to a loss under any insurance upon his own property. The English rule upon this point is that in no case must the contribution clause be so construed as to throw loss upon the insured against which he would have been fully protected had his policy been free from that clause.

The only effect that the contribution clause of the policies has upon him is that he can recover from no single company more than its pro-rata or legal proportion of any loss. He cannot now, as was customary prior to the introduction of the contribution clause, collect the whole of his insurance money from any one of the co-insuring offices, leaving such company to look to its co-insurers for contribution to reimburse its outlay beyond its own pro-rata proportions.

CO-INSURERS: This term embraces all parties having existing insurances upon the same risks, including the insured himself when holding policies subject to average. The rights and obligations of co-insurers upon a common loss arise from the long recognized principle of joint contribution by the parties in interest, which now finds expression in what is generally recognized as the "contribution clause," which in English fire policies provides as follows:

"In case of the existence of any other insurance or insurances on the property covered hereby, this Company shall be liable only to pay a ratable proportion of any loss or damage which may be sustained, along with the office or offices interested."

Clauses to the same effect, though variously worded, are in use upon the European Continent, in the United States and in the Dominion. Under the old mode of contribution the liability of co-insurers was *joint*, under this clause the liability becomes *several*, no company being bound for any sum in excess of its pro-rata or legal liability, when ascertained.

Where the insurances are concurrent, that is, cover the property in like terms, but not necessarily for like periods nor in like amounts, the apportionment of the insurances upon a common loss among the offices in interest is a very simple operation; but when some of the insurances may be non-concurrent, that is, do not cover the property in the same terms, or include something additional not covered by the other policies, though otherwise concurrent, the apportionment of such non-concurrent amounts becomes more or less complicated, as the terms and conditions of the policies may be more or less involved. In such cases the settlement becomes rather a question of the legal construction of the conditions to be decided before the amount of insurances can be apportioned to each subject so as to give the pro-rata contribution of each co-insurer to the loss.

Insurance policies, in the Dominion, differ from those in the Mother Country, but assimilate closely those of our neighbor, the United States. We have the *specific* policy, covering specific items in specific sums, with or without the average clause, and the general or compound policy covering several subjects in one sum, in one or more localities, and for a single premium, and this also with or without the average clause. When covering in more than one locality for a single sum the policy is called a "*floater*."

In England there are but two kinds of policies, viz., the *specified*, which may be either a single specific policy, covering but a single subject, in a single locality, or it may be a compound policy covering several subjects in a single amount and for a single premium, *provided only that such subjects are in a single locality*; while the "average" policy is either a specific or a compound one with us, provided it is subject to the conditions of average. All compound or floating policies covering in several localities are by law in England made subject to average. With this marked difference in the form of the contract, it becomes self-evident that English rules of adjustment cannot be made to apply to our Dominion policies covering risks in an entirely different manner. It is the attempt to adjust losses under Dominion policies by English rules that has brought so much confusion among our Underwriters and Adjusters; and in nothing is this more apparent than in the effort to apportion losses under our specific or even compound forms of policies, *without the average clause*, by English rules governing average policies. we refer here to making the *value of the property at risk* a factor in the apportionment of contribution among the co-insurers, as our worthy friend "Builder" (much to the horror of our other friend "Adjuster") does in his method, and thus demonstrates his utter ignorance of the theory upon which all fire-loss adjustments are made by experienced Underwriters.

In the early days of Marine Underwriting, before the Fire branch was known or used, all insurances were subject to average, whether so stated in the policy or not, and was to the effect that all losses would be paid in the proportions that the insurances bore to the total value of the property at risk. Thus, if the value was £100,000, and the insurance was but £50,000, or one-half, each policy of insurance would, in case of total loss, pay but one-half of its amount, and the insured would be his own insurer for the remainder. And such is the effect of the average clause found in fire policies of to-day, the clause having been transferred from the Marine to the Fire branch from the first fire loss adjustment in England, under this clause. It will thus be plainly evident that where the loss by the terms of the policy is to be paid only in the ratio that the insurance bears to the total value of the property covered, such values *must* form