

by the fraud on the part of his employes or agents,—therefore, it is necessary to deal *justly* by the sufferers.

I believe more than half the ill-feeling against insurance companies comes from the bungling or the sharp practice of those who falsely call themselves adjusters.

Mr. Fox, the adjuster, goes to Messrs. A. & B. and finds that 1,000,000 feet of lumber has been burnt, which cost them \$7,500; this being less than the average cost. Mr. Fox insists that "the cost is the measure of the insurance liability."

A. & B. reply "You perceive that the low cost is owing to circumstances of which you should not take advantage."

Mr. Fox insists on applying the "cost" sauce to the goose so the claims are prepared, and \$7,500 is paid.

In the same yard, by the same fire, another 1,000,000 feet of exactly similar lumber is burnt, the cost of which is \$11,250.

It is now Messrs. C. & D.'s turn to apply the "cost" sauce to Mr. Fox, who by this time becomes Mr. Gander, and he in vain quotes to them from the second paragraph of the article "Measure of Damages" in the February issue of INSURANCE SOCIETY, "Hence market value has been generally adopted as the measure of damage in cases of loss under insurance, because it more nearly represents the amount of injury suffered by the insured, by furnishing the value in exchange for which the loss or damage can be repaired."

Mr. Fox now finds that *everything* has to be considered as "relevant" to a lumber loss.

During the last ten years there have been many failures and many fortunes in the same lumber business, from British Columbia to New Brunswick. From 1874 to 1878 there were periods when neither saw-logs nor lumber had *any market value*, because there was no demand for lumber at Albany or in Britain, or in the West Indies or in South America, or wherever the markets usually were. At every mill was lumber which had been piled over two or three years, some of it rotted in the pile, most of it was mortgaged to the banks who had advanced the funds for its manufacture;—let me here say, to the honor of the owners, that very little of it burnt—but, if it had burnt, and if a fair cost value had been paid for it by the insurance companies, the owners would have been saved from the ruin which so generally befel them. If it was right to take account of the foreign market *then*, it is right *now*, and right *always*.

During the last nine months the prices of deals have varied materially, owing to several failures in Britain. For some time the market value was less than the cost of production, consequently there were some failures in Canada also; there were some losses by fire, therefore, British market affected the value of the deals burnt, why, therefore, should it not affect the indemnity paid to the owners, but if it is a factor at *one* time, why not at *all* times, because, a principle of adjustment is either true or false—if true, it should always have weight, if false, it should never be entertained.

I re-assert that "unfairness on one side excludes the profit which has accrued before the fire to the insured, whilst unfairness on the other side seeks to be recouped for the losses which have occurred independently of the fire."

To determine "What is Indemnity" or "What is Truth," may, in certain cases, bother any thoughtful man, but a faithful search for, and adherence to the latter may enable an adjuster to perfect the former.

If, however, an adjuster is not prepared to recoup the assured for losses made by stress of weather or other evil fortune which have unduly *increased* the cost of the lumber burnt, then he should not attempt to take advantage of the good fortune which has incidentally *decreased* it.

If he is not prepared to consider the foreign markets in their relation to values in good times, he should not attempt their consideration in hard times.

But, if he wholly ignores these, or any other proper influences at any time he is not an adjuster.

I think I comprehend that "consequential damages, such as loss of time, rent, wages, etc., etc., are not at the risk of the underwriter, unless specially insured and the premiums therefor paid" and that "It is a legal as well as an insurance axiom that a policy on goods or other

merchandise does not include "profits," unless specially named and a premium paid therefor," at any rate I have read and written these truisms many times,—but, if these things have occurred or accrued *before a fire*, and have increased or decreased the cost of the lumber, an adjuster has to discuss them intelligently, and decide upon them equitably or he will be the Fox on the one side and the Gander on the other.

My experience of Insurance Companies, British, Canadian and American, is, that they wish their losses adjusted intelligently and equitably,—upon principles which cannot be assailed, and which will bear every test; they do not wish an adjuster to be ignorant of the law when fraudulent claims are presented, nor to expound the law as a bar to a proper claim; they do not encourage or receive permanent benefit from sharp practice, but are pleased and content if they secure justice.

I believe a candid consideration of the principles of lumber adjustments will cause the establishment of a self-adjusting form of lumber policy, and that the time of the general revision of the tariffs in Canada is the best time for securing such action, as, by its equity, will promote the peace as well as the prosperity of the companies.

Faithfully yours,

HENRY LYE,

Adjuster.

To the Editor of INSURANCE SOCIETY.

Mr. Campbell's defence of The Dominion Safety Fund Life Association" contained in your last issue, was doubtless very satisfactory to *himself*? Our examination of its "economy" leads us to a very different conclusion to that which he seems to have formed. We will endeavor, time and opportunity permitting, to give you our conclusions with regard to its simplicity and safety, and our reasons therefor, in time for your next issue, merely remarking that it seems strange that an institution deeming its plans so satisfactory should, after such a brief existence, find it necessary to issue a circular to its patrons containing the following: "Hitherto it has been the practice of this Association to assess for death claims only after their actual occurrence, *thus leading to irregularities and uncertainties as to dates and amounts*, and in many cases to *inconvenience* on the part of members in meeting *unexpected demands*; and besides this practice does, in effect, *offer a premium* to a class of *unsteady* members to drop their certificates and go out owing money to their fellow members."

The cost to the Association of carrying this class of members to 31st December, 1883, has been \$1,537. That is to say, these lapsed members have carried off \$1,537 as the cost of Life Insurance for which they have not paid, and it is evident that a continuance of the system which gives credit for earned premiums to be paid or not paid at the pleasure of the individual, only perpetuates and extends this *inequitable* state of the matter. The circular quoted from bears date February 1st, 1884. Such a confession from such a pretentious society is hopeful. A further study of its plans and more experience will probably discover to its directors other weaknesses. We shall have great pleasure in pointing out through your columns what we consider requires remedying, and beg to refer Mr. Campbell again to "Examiner's" letter in your January issue, and call his special attention to his remarks on "Endowments to Persisting Members."

Mr. Campbell refers your readers to articles on insurance subjects contained in various insurance journals. None of these, however, contain any defence of the plans of such societies as The Dominion Safety Fund Life Association.

We will refer to any remaining points that we deem worthy of consideration at a future time, and in the meantime will ask your readers to carefully compare the letters written by Mr. Campbell with those of

Yours truly,

EXAMINER.