

You will perceive at a glance that whilst all these things affect the cost of the lumber, yet none of them affect the value, consequently we must go outside of them, yet take them all into consideration, in order to arrive at the proper cost of the lumber, which may, or may not, be the average value of it.

A proper adjustment would go from both ends for proof of amount of fire loss; working from the purchase of the limit to the piling of the product in one direction, and from the (say Albany) market back to the lumber pile. The real difficulty in lumber losses arises from the loose way in which insurances are effected by both insured and insurers, both of whom enter into contracts without any understanding or agreement as to their interpretation, neither of them providing for the contingency which alone causes the insurance to be desired or granted, and then when the contingency does arise, the individual adjuster has to bear the brunt of the dissatisfaction arising out of the mutual carelessness.

In most districts the adjustment of lumber losses can be facilitated by adding to the current market value of logs in the locality the value of sawing and piling. In some of them a system of mutual insurance against theft and error is established and known as the Booming, Towing and Driving Company, in which the Company is liable for all missing logs at an established rate mutually agreed upon by all the lumbermen interested; but, as these lumbermen well know, there are logs and logs. One lumberman will cut virgin limits of clean, healthy pine, excluding all logs below fourteen inches, whilst another will be clearing up old timber limits and running the logs into the tops, so that one will produce logs making from five to eight per cent. of culls with sixty per cent. of merchantable stock, whilst the other produces logs making from twenty to thirty per cent. of culls, with twenty per cent. of strips and scarcely any merchantable stock; so that the quality of the logs is a very important factor, a factor which is not at all demonstrated by the cost, as the inferior logs, being scattered sparsely over an extensive area, may cost more than the closely growing good ones, by reason of the cost of cutting roads and drawing.

If it were possible to get everybody to understand and confess that a "policy of fire insurance is an agreement to indemnify the party against the actual loss or damage by the fire to an extent not exceeding the amount of the policy," then the difficulties of adjusters would be lessened, but unfairness on one side excludes the profit which has been made by the insured, whilst unfairness on the other seeks to be recouped for losses which have occurred independently of the fire.

I am aware that some shallow thinkers style these principles of adjustment "theories" and point to bankrupt stocks as justification, but they forget that whilst an ordinary stock is never worth its cost, because the principle of selection has reduced the proportionate value of the remaining stock, yet the value of a bankrupt stock has been demonstrated by an actual purchase and sale, and if the purchase and sale have been honestly conducted the price has been a fair measure of the value; and yet there are men who, ignoring all principles, will demand the cost of an open stock, and the original cost of the olla podrida of a bankrupt stock whenever a fire occurs, refusing to acknowledge the fact that the policy is not a perfecter of profit but of indemnity for loss.

Faithfully yours,

HENRY LYE,
Adjuster.

The above communication, just received as we go to press, we must therefore reserve our remarks for next issue.

EDITOR.

HALIFAX, Jan. 10, 1884.

To the Editor of INSURANCE SOCIETY.

DEAR SIR,—A perusal of Mr. Campbell's letter published in the last issue of your excellent magazine, in which he thanks you for your expressions of confidence in the management of the Dominion Safety Fund which appeared in the previous issue, leads me to send for your perusal a copy of one of its leaflets setting forth its plans and also a circular which purports to be an examination of the certificate which it issues. I do this, and make the comments contained in this letter, partly because Mr. Campbell says, "Our leaflets and other literature,

with which all our agents are furnished, set forth fully our system of insurance, and no agent is authorised to promise anything not contained therein," and partly because I feel sure you would have doubted the honesty of the Society had it been your privilege to have examined this literature previous to publishing your comments on the letter written by "Watch."

You will observe that the D. S. F. circular claims for the system "simplicity, safety and economy;" that by it "the dangers and defects" of the old "Reserve Plans" and the weakness and uncertainty of Co-operative Plans are alike "avoided" and that it gives "Endowments to Persisting Members."

Leaving its "simplicity, safety and economy" for a future letter I call attention to the fact that it claims "weakness and uncertainty" as being the elements of the Co-operative Plans. It would certainly prove very interesting reading for your subscribers in the Maritime Provinces if Mr. Campbell would rise and explain any material difference there exists between the "system of insurance," and methods of the D. S. F. and the ordinary co-operative societies, further than such methods as are adopted to enable that Society to practise its deceptions on an over-credulous public with a greater showing of good faith.

With regard to the "Endowments to Persisting Members" the Society can have no other object in advertising this admirable feature than to lead an over-credulous public to believe that it is something real. Let us examine the endowment feature as set forth in its contract and leaflets, and we will find that when in addition to the \$300,000 Safety Fund, there shall be an amount greater than that contributed by the class of any one year to the said Fund; and when such class shall have been reduced so that such amount shall be more than sufficient to meet the full face of all the certificates then in force, the several members holding such certificates shall be entitled to be paid the full face thereof as endowments on their surrender. Let us test the chances of class 82—in which year 668 certificates are reported to have been issued, necessitating a contribution to the Safety Fund of \$6,680. When the full amount of the Safety Fund shall have accumulated, and there is an excess of \$6,680, and when the certificates held by this class have been reduced from 668 to 6, or when less than one per cent. of the original certificates remain in force, if the holders thereof become aware of the then existing state of things and surrender them to the Society, they shall be entitled to their full face value. As there is nothing said about the order in which the various classes shall receive these unparalleled advantages, we presume the class of any other year is just as likely to be the fortunate one to be first served as that of 82, thus postponing in the imagination these wonderful results. What would occur if various classes should at the same time occupy a position entitling them to such advantages with a surplus fund inadequate to satisfy the whole we cannot surmise. For instance, what would occur if the number of certificates in class 81, in which year 345 certificates are reported to have been issued which were entitled to participate in the benefits of this fund, had been reduced to 3, and in class 82 to 6 at the same time, and the surplus should be less than sufficient to satisfy both classes? These nine certificates might be held by three solitary individuals, as the returns show on page 162 that one person may hold three certificates. Were this to be the case a membership of 605 persons, comprising the total number of persons forming classes 81 and 82, would require to be reduced to a membership of 3 persons or to $\frac{1}{2}$ of one per cent. of the original number before "Endowments to Persisting Members" would become available. So much for the Endowment feature.

I have only further to add at this time that literature so calculated to mislead the unwary could emanate only from a source such as the one from which emanated the statement of the affairs of this Society published by Prof. Cherriman in his last report, which gives no account of admission fees or fees for medical examinations, both legitimate items of expense which regular companies are bound to account for.

An agent who could not from the circular which I send you alone find sufficient to justify all that was charged by "Watch," and so disingenuously passed over by Mr. Charles Campbell, would lack much of the astuteness of the average representative of such Co-operative frauds.

Very truly yours,

EXAMINER.

The enterprising editor of the *Argus* has sent us a copy of the *Argus* extra, containing a record of events of the past year.

The Equitable Life intend to make \$100,000 the maximum amount of insurance allowable on a single life, instead of \$50,000.