

in the event of loss, applicable to the several interests of the manufacturer at the mill, and the merchant or jobber in lumber at his yard; and we might have added also, as a third party, with a still different measure, the consumer of lumber, as the carpenter, cabinetmaker, and other wood-workers, the respective interest of these three classes having each a separate and distinct measure of damage when subjected to loss under insurance.

Perhaps in the multitudinous and multifarious phases in which questions present themselves to the fire loss adjuster for solution in the discharge of his duty, none is more constantly misunderstood—and hence misapplied—while at the same time not one point in the many is more simple and plain when understood, and at the same time more equitable to the assured, than is proper apportionment of the measure of damage applicable to each individual case; or, in other words, the amount of *indemnity* to which the assured is legally entitled under the conditions of his policy.

The question next arises; what is indemnity, as measured by the stipulations of the policy?

We answer this by the following citation from that eminent French writer *Alauzet*, (p. 172,) who says:

“Un principe général qui domine tout la matière des assurances, c'est que le contrat ne peut jamais être pour l'assureur une source de profit; pour lui, l'assurance n'est pas un moyen d'acquérir. Le seul objet que puisse avoir le contrat est de lui assurer l'équivalent des objets mis au risque, s'ils viennent à périr ou à souffrir un dommage.”

Which, rendered into English, reads:

“A principle which dominates all matters of insurance is that the policy can never bring to the assured a source of profit; to him the insurance is not a means of gain. The sole object that the policy can have is to insure to him an equivalent for the subject placed at risk, should it happen to be destroyed or suffer damage.”

And *Struccha*, one of the earliest text writers upon Marine Insurance (A. D. 1556), says: “Insurance seeks not gain, but operates to prevent loss.”

In accord with these recognised principles underlying the insurance contract, fire underwriters agree to make good to or indemnify the assured for all loss or damage that *he* may sustain by fire upon the property at risk under the policy, provided only, that the *cash* value of the property destroyed or damaged, as above provided for, shall not exceed what would be the cost *to him*, at the time of the fire, of replacing the same, thus making the measure of his damage the exclusion of profits upon the property lost. The amount of the policy limits the extent of payment under any circumstances, but does not measure the damage; the minimum of loss, within the sum of the insurance is the maximum of the insurer's liability. The next question presenting itself for solution as we proceed is: “What is Cost?”

Cost,—to the consumer, the jobber or the dealer, is the value in money or its equivalent paid for the possession of any article of trade or commerce. To the manufacturer it is the value for the raw materials, plus the expenses of labor bestowed thereon in converting the same into the completed article, exclusive of profit or interest on capital invested or plant employed; and this without reference to the fact whether the article be patented or not.

But cost of purchase or of manufacture does not always

represent value. Property may be worth more or less than the actual cost. Mr. Bunyon says: “If goods have risen in value the payment of *cost* price would be no indemnity; while, if the value of the goods had depreciated in the market, or if they have been on hand for a length of time, shop-worn or out of fashion, the original cost would be no criterion of present value.” To meet these emergencies the policies stipulate for suitable deductions to equalize the values.

*Values*, as the term is used in insurance, are of two classes, viz., value in use, or the utility of an object for use, and value in exchange, or the worth of an object in purchasing other property. All adjustment values have this signification.

*Market value* is the price at which property of any kind can be purchased in “open market,” from first hands, subject to the customary competition among dealers, and where the purchaser has the option of buying wherever he may find the best bargains, as opposed to the *sale price* for patented or exclusive articles, for which there can be no competition, as they are not to be had in “open” market, and the buyer is compelled to pay that price or go without them.

This market value, or sale price, includes, in addition to *cost*, the manufacturer's or merchant's *profits* and the factor's *commissions* upon the sales, which are not subject of indemnity under an insurance upon the goods; to be covered they must be specifically so named in the policy, and paid for in the premium.

(To be continued.)

#### THE CANADIAN FIRE UNDERWRITERS ASSOCIATION AND MUNICIPAL TAXATION.

Kingston, we see, is determined to collect a special tax from Insurance Companies, as well as from some other Corporations. As regards the former the movement is, we think, ill advised and foolish, as well as unjust. Upon what grounds can they justify their action?

So far as Kingston is concerned the older companies have, no doubt, a vivid recollection of certain large sums it was their ill fortune to invest there in payment of fire claims in past years. Are they to be taxed for the privilege of trying to win back their money? We hope this imposition, for we consider it one, will either be found illegal, or that the civic authorities will at least exempt the Insurance Companies. But, if neither of these desirable ends be attained, then let the Companies use the legitimate means provided by their Canadian Fire Underwriters' Association, and, as a member has suggested, at once advance the fire insurance rates for Kingston. As all the Companies are included in this Association there can be no avoiding such increased rates; and we rather think before long the citizens of Kingston will bring sufficient pressure to bear on their representatives to cause the repeal of the obnoxious impost. Kingston to-day ranks under what is known as Tariff “C;” write it down to “D,” thus ranking with Belleville, Trenton, Arnprior, etc., and then the Companies will be able to collect the tax, *and a little over*, for “costs of collection.”