vast number of cases, be fifty per cent. beyond the value of the buildings alone. I believe that one-quarter of all the fire insurance in force in Montreal is on buildings which are insured for fully as much or more than they are worth. What wonder is it that they burn? Would it not be a wonder if they did not burn? It is this section of a company's risks on which it loses money. It offers a premium on fraud and incendiarism, and it gets it. Even in cases where no actual fraud is perpetrated, there is no doubt that less care is taken by the proprietor when he knows that a fire would benefit him financially rather than injure him, and this is the most serious part of the matter. The result of it all is that the companies have to charge their *bona fide* satisfactory policyholders more than is necessary, in order to provide for the losses they make on these others.

What is the remedy, you say? It is to my mind simple enough. If the companies would make it a point to never insure more than 75 or 80 per cent. of the actual value of a building, there would soon be a large reduction in the number of fires. The value, too, must not be taken on the representations of the applicant. Those who have had anything to do with these matters must know how utterly unreliable these statements are, and that in nine cases out of ten the owner estimates his property at much beyond its actual worth. It has been well said: the value when buying is $5,000, when selling $6,000; for the assessors $4,000, but for insurance, $7,000. Let competent inspectors be appointed, who will regularly and carefully value and report on all risks, and let all policies of over-insurance be sternly cancelled. If, however, the managers hold the small premium income on these as close to their eyes as at present they will fail to see the tremendous reduction in losses which they could make by throwing it away, and, for most of them, the business will still continue to be an unprofitable one.

I have made no allusion in the above to the great loss which over-insurance inflicts annually on the country. Although individuals may gain by the burning of their property, the community as a whole loses, for the fire companies but distribute it in small doses among all their policy-holders. If proper supervision were exercised, it would not only save much money to the companies, but would save hundreds of millions every year to the world.

[We insert the above communication without comment, as we prefer to hear what some of our underwriters have to say on the subject.—EDITOR.]

THE GUARANTEE COMPANY OF NORTH AMERICA.

According to the advance report of Professor Cherriman, Superintendent of Insurance, there are two companies, the Guarantee, and the London Guarantee and Accident, transacting this class of business in the Dominion. The total premiums for 1883 being $58,914. Of this amount the former Company received $44,477.

The Guarantee Company entered the States in 1881, and the premiums derived therefrom will show that this invaluable institution is highly appreciated there—the amount for 1883 being $116,005, which makes a total premium income for Canada and the United States of $160,482, whilst its total losses were $57,850, or 36 per cent. of premium income. Mr. Edward Rawlings, the Managing-Director of this Company, is to be highly congratulated on the success achieved by the Guarantee Company of North America and the energy, as well as discrimination, with which its business is conducted.

The largest corporations in America accept its bonds for the fidelity of their employees.

APPORTIONMENT OF FIRE LOSSES.

The several methods of apportioning contribution among co-insurers upon fire losses have recently been discussed by the Fire Underwriters' Association of the Pacific at the session of 1884, held at San Francisco in February last. Two methods of contribution were offered and duly discussed,' one by Col. Kinne, and called after him "the Kinne Rule' and the other by William Sexton, Esq., and called "the Sexton Rule." Both of these gentlemen being the General Adjusting Agents for eastern offices upon the Pacific Coast, ought to be competent to the discussion of such a plain subject, and their efforts in this direction are valuable contributions to insurance literature.

We now propose to review these "Rules" in the light of the present knowledge upon the subject.

Mr. Kinne's Rule seems to be, in the main, the rule of the Fire Underwriters' Text Book. Mr. Kinne says of the Author of the Text-Book: "I believe that Mr. Griswold states the whole thing in a nutshell in his remarks preceding his rule on page 103 of the Hand Book (an abridgement of the Text Book), and that it is only a question of how to *properly apply* a proportional rule to cause it to become entirely general * * * Griswold applies maximum liabilities in double compound policies to bridge the difficulty, and the difference in the results, as shown by the examples in my first communication to you, need not be repeated; but a single example of the practical working of my method in a simple non-concurrent case will suffice, and which, I think, will show that the principle so ably stated by Griswold is *universally* applied, and we now have a general rule, a harmonious rule."

Mr. Kinne then asserts as a principle, governing all apportionments of loss under non-concurrent policies, that general and specific insurances must be regarded as co-insurances; and general insurance must float over and contribute to loss on all subjects under its protection, in the proportion of the respective losses thereon, until the assured is indemnified or the policy exhausted. This is the doctrine of the Griswold Rule, *after the compound insurances have been made specific in the ratios of the losses upon their several subjects:* then the entire insurance becomes specific and the results are simply arithmetical, in the proportion that the loss upon each subject bears to the aggregate insurance thereon; then, again, should the aggregate loss be less than the aggregate insurance, and the apportionment of the insurance *under the contribution clause* fail to provide full indemnity upon any subject *under the protection of the compound policy*, and there be a surplus of indemnity under this compound policy upon any other subject covered by it, then the deficiency must be made good by floating over from the surplus subject an amount sufficient to make the indemnity complete, which operation is technically called "reapportionment" of the compound insurances, which, being floaters, are liable to their full amounts upon all, or some portion thereof upon any of their subjects, while *specific* insurances are *fixed*, and not subject to change or transfer from one subject to another under any circumstances.